

1 LINDEMANN LAW FIRM, APC
2 BLAKE J. LINDEMANN, SBN 255747
3 433 N. Camden Drive, 4th Floor
4 Beverly Hills, CA 90210
5 Telephone: (310) 279-5269
6 Facsimile: (310) 300-0267
7 E-mail: blake@lawbl.com

8 Attorneys For Plaintiff
9 HEALTH PRO DENTAL CORP AND
10 DR. WILLIAM E. GINZBURG, DDS

11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CENTRAL DISTRICT

HEALTH PRO DENTAL CORP, a
Professional Nevada Corporation; DR.
WILLIAM E. GINZBURG, DDS, an
individual,

Plaintiff,

v.

TRAVELERS PROPERTY CASUALTY
COMPANY OF AMERICA, MICHAEL
BAKER, an individual, and DOES 1 to 100,
inclusive,

Defendants.

CONFIRMED COPY
OF ORIGINAL FILED
Los Angeles Superior Court

DEC 28 2016

Sherri R. Cantor, Executive Officer/Clerk
By: Moses Soto, Deputy

Case No. BC 645118

ORIGINAL COMPLAINT FOR:

- (1) BREACH OF CONTRACT AND
DECLARATORY RELIEF
- (2) BREACH OF COVENANT OF GOOD
FAITH AND FAIR DEALING
- (3) INTENTIONAL INFLICTION OF
EMOTIONAL DISTRESS
- (4) INTENTIONAL INTERFERENCE
WITH PROSPECTIVE ECONOMIC
RELATIONS
- (5) VIOLATION OF THE UNFAIR
COMPETITION LAW
- (6) CONSPIRACY TO DEFRAUD AND
INTERFERE WITH PROSPECTIVE
ECONOMIC RELATIONS

[DEMAND FOR JURY TRIAL]

1 **INTRODUCTION**

2 1. Health Pro Dental Corp ("Health Pro") and Dr. William E. Ginzburg, DDS
 3 ("Ginzburg"), hereby submit their Complaint against Travelers Property Casualty Company of
 4 America ("Travelers"), Michael Baker ("Baker") and DOES 1 through 100 (all defendants referred
 5 to collectively, as the "Defendants"), for breach of contract and declaratory relief, breach of
 6 covenant of good faith and fair dealing, intentional infliction of emotional distress, intentional
 7 interference with prospective economic relations, violation of the Unfair Competition Law,
 8 conspiracy to defraud and interfere with economic relations.

9 2. Health Pro was the insured under a Contract with Travelers that sustained significant
 10 water intrusions in August of 2015. Due to the water intrusions, Health Pro was unable to operate its
 11 business normally - the practice of dentistry. After *almost nine months of delay*, Travelers agreed
 12 the loss was a covered event under the applicable insurance policy, but wrongfully refused to pay
 13 Health Pro for its business equipment, damage to its equipment and fixtures, build-out of the interior
 14 of the unit, rent, and the economic loss to the business of Health Pro/loss profits. Health Pro has
 15 subsequently been evicted from its physical location due to this commercial loss. Plaintiff seeks all
 16 damages it is owed under the contract, and seeks other claims based on the bad faith denial by
 17 Defendants of amounts Plaintiff is entitled under the policy.

18 **JURISDICTION AND VENUE**

19 3. This Court has personal jurisdiction over the Defendants as they regularly transact
 20 business in this judicial district.

21 4. Venue is proper in this judicial district because a substantial part of the events giving
 22 rise to the causes of action occurred in this district.

23 **THE PARTIES**

24 5. Plaintiff Health Pro Dental Corp. ("Health Pro") is a professional Nevada Corporation
 25 that does business at all times, and that has its principal business, in the State of California.

26 6. Plaintiff Dr. William E. Ginzburg, DDS ("Ginzburg") is an individual residing within
 27 the County of Los Angeles. Dr. Ginzburg owns 100% of the outstanding equity shares of Health Pro
 28 and brings this action derivatively based on the commercial loss of value of his shares in Health Pro.

LINDEMAN LAW FIRM, APC
 433 N. CAMDEN DRIVE, 4TH FLOOR
 BEVERLY HILLS, CA 90210

7. Defendant Travelers Property Casualty Company of America ("Travelers") is an insurer organized under the Laws of Louisiana and maintains its principal place of business in Los Angeles, California. At all relevant times, Defendant Travelers has asserted it is licensed as an insurance company in the State of California, and has been conducting business in the State of California.

8. Upon information and belief, defendant Michael Baker ("Baker") is an individual residing within the County of San Francisco, the State of California.

9. Travelers has a long history of denying commercial policyholders, including without limited to:

- a. Targeting claims for "resolution" (i.e., for denial of termination of benefits) based on company economics instead of the claim's merits, e.g., high benefit, which had become costly for the company through claims;
- b. Failing to document claims files regarding the so-called "roundtable" sessions at which substantive claims decisions were made;
- c. Placing claimants in the position of either having to sign an overly broad authorization form – thus giving up the right to privacy in financial and credit scoring records in claims in which such records may be neither necessary nor material to resolution of the claims – or having to alter the form/refuse to execute the form and risk claim denial;
- d. Placing the burden of investigating the claim on the claimant (e.g., imposing unreasonable documentation obligations on the claimant) and failing to fulfill its duty to adequately investigate;
- e. Continuing to seek additional information where claimants provided proof of loss;
- f. Offering adjusters "incentives" or "rewards" for closing files;
- g. Failing to disclose to the claimant additional benefits that might be available under the policy, e.g., a waiver of premium, business relocation expenses, etc.;

STATEMENT OF FACTS

10. On or about July 1, 2014, Defendant Travelers issued to Health Pro a Business

1 Commercial loss insurance policy, Policy Number 680-5D327378-14-42 (the “Policy”). The Policy
 2 is a valid insurance policy. A true and correct copy of the Policy is attached hereto as **Exhibit “A”**
 3 and incorporated by reference as though fully set forth here.

4 ~~11. Among the benefits provided by the Policy was the benefit that if the insured~~
 5 sustained a covered event under the Policy, the insured Health Pro would be entitled to an aggregate
 6 coverage of \$4,000,000 or other amounts, in the event of other losses. (**Exhibit “A”**, p. 6 of 121).

7 12. On or about August of 2015, the Dental Practice (“Dental Practice”) Health Pro
 8 operates, located at 13155 Mindanao Way, Marina Del Rey, CA 90292 (“Premises”) sustained
 9 significant water intrusions.

10 13. Due to the water intrusions, the Dental Practice sustained mold growth that
 11 constitutes a nuisance at the Premises. Travelers’ significant delay in addressing the water intrusion
 12 led to a greater nuisance at the Premises.

13 14. On or about August of 2015, Health Pro promptly submitted a claim of loss to
 14 Travelers and communicated extensively with Travelers by and through its representatives, third
 15 party agents, and its counsel.

16 15. Travelers originally assigned the claim under the Policy to Jonathan L. Monk, claim
 17 professional and adjuster for Travelers (“Monk”).

18 16. Monk requested significant documentation from Health Pro to support the claim and
 19 actually undertook several site visits.

20 17. Health Pro provided Travelers with significant requested documentation. Despite the
 21 fact that Health Pro provided Travelers and Monk with ample and significant supporting
 22 documentation, and Travelers undertook multiple site visits, Travelers refused to act on Health Pro’s
 23 claim of loss.

24 18. On October 26, 2015, Monk advised Health Pro’s counsel by e-mail that he would
 25 inform counsel if any further documents were required. Monk did not respond to Plaintiff’s counsel
 26 that any further documents were required, but despite having communicated with Plaintiff’s counsel
 27 for sometime about information, Monk again requested a “letter of representation” that Lindemann
 28

LINDEMANN LAW FIRM, APC
 433 N. CAMDEN DRIVE, 4TH FLOOR
 BEVERLY HILLS, CA 90210

1 Law Firm represented Health Pro. Lindemann Law Firm promptly provided a letter of
2 representation to Travelers.

3 19. At some time in 2015, the insurance claim was assigned to defendant and adjuster for
4 Travelers, Michael Baker ("Baker").

5 20. After repeated requests by Plaintiff that Travelers act on Health Pro's claim of loss,
6 on November 25, 2015, Plaintiff's counsel sent Travelers a further e-mail message as follows:

7 Dear Mike:

8 I have not heard back from you as to the status of the claim, and another week has gone by. We require
9 Health Pro's claim to be processed and paid ASAP. The dental practice continues to incur commercial loss
10 based on Travelers' failure to promptly address the claim of loss. Please call me today and advise when the
11 claim will be paid. The next correspondence I send will include a complete recitation of Travelers' and Mr.
12 Monk's bad faith in its handling of the claim process. We greatly prefer that the claim be paid so that the
13 Dental practice can continue its operations.

14 Sincerely,

15 _____
16 Blake J. Lindemann, Esq.
17 433 N. Camden Drive, 4th Floor
18 Beverly Hills, CA 90210
19 Telephone: 310-279-5269 Facsimile: 310-300-0267

20 21. The claim was not paid, no determination was made during covered loss, and the
21 dental practice could not continue operations.

22 22. Plaintiff repeatedly continued to demand that Travelers pay the claim and cooperated
23 as best it could at all times.

24 23. On February 12, 2016, Plaintiff's representative William E. Ginzburg, Plaintiff's
25 counsel, and Baker met in person at the Dental Practice. This was the *third* visit by Travelers at the
26 Dental Practice (based on the Travelers stated reason) to assess whether Travelers would accept this
27 claim as a covered loss, and the first by Mr. Baker, personally.

28 24. Follow up e-mails ensued between Plaintiff's counsel and Baker. On March 2, 2016
Plaintiff's counsel communicated with Travelers as follows:

Dear Mike: I had the vendors speak to you directly, and authorized you to speak to them directly. An
estimate does not inform a coverage decision. Attached is an estimate I believe you already have.

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

1 This has dragged on way too long by Travelers. While I know you cannot be responsible for Mr.
2 Monk's dilatory claim handling, we need coverage to be immediately accepted. Sincerely,

3 **From:** Baker, Michael W [MWBAKER@travelers.com]

4 **Sent:** Friday, February 12, 2016 8:40 AM

5 **To:** Blake Lindemann

6 **Subject:** RE: Claim E3V1091 - Following up for requested information

7 Mr. Lindemann-

8 Per our 2/10/16 discussion at the loss site, I am requesting / please provide the following-

9 -A report / estimate from the plumber that inspected the cause of the loss

10 -A report / estimate from a vendor that has inspected the dental chairs

11 Thanks,

12 **Mike Baker | Claim Professional | Claim Property Major Case Unit**

13 Travelers

14 One Tower Square, MS06-A

15 Hartford, CT 06183

16 W: 916-710-6717 F: 866-342-7097

17 25. On March 7, 2016, Travelers notified Health Pro by letter that "coverage exists for
18 water damage to your business personal property, including structural improvements/betterments
19 owned by you caused by the 8/10/15 plumbing leak." Attached as **Exhibit "B"** is the letter
20 determining coverage. However, according to Mr. Monk and Travelers, no determination was made
21 as to mold claim under the Policy.

22 26. On March 18, 2016, Travelers issued payment to Health Pro in the amount of
23 \$46,526.63 to Plaintiff.

24 27. On April 27, 2016, Plaintiff's counsel sent the following e-mail message to Travelers
25 and Baker as follows:

26 Dear Michael: I am aware of the construction estimates. Mickey Vo has advised you have not returned his
27 phone calls, despite his repeated requests. There is no excuse for the delay in responding to these
28 estimates. This claim has been pending 9 months. Business losses continue to incur. Please advise as soon
as possible when we can hear further about these necessary build outs. Sincerely,

Blake J. Lindemann, Esq.

433 N. Camden Drive, 4th Floor

Beverly Hills, CA 90210

Telephone: 310-279-5269 Facsimile: 310-300-0267

1 28. On or about May of 2016 (almost nine months after the covered event arose),
 2 Travelers requested yet *another* site visit of the Premises and the Dental Practice to assess coverage.

3 29. On May 3, 2016, Plaintiff's counsel responded as follows:

4 Site visit is confirmed for this Friday. I must ask, what is the purpose of this site visit? We have already
 5 provided everything you needed and you have visited twice. The business has experienced significant losses
 6 and the practice is being evicted for failure to pay rent. This is directly caused by the fact travelers has not
 7 paid the claim.

8 Blake J. Lindemann, Esq.
 9 433 N. Camden Drive, 4th Floor
 10 Beverly Hills, CA 90210
 11 Telephone: 310-279-5269 Facsimile: 310-300-0267

12 30. The Dental Practice and Health Pro's business could not operate. On or about May 5,
 13 2016, further communications took place between Health Pro's counsel and Travelers, and Travelers
 14 demanded another site visit at the Premises (the fourth site visit) to assess coverage issues as
 15 follows:

16 Mike-

17 Thank you for your message. Dr. Ginzburg will be there on behalf of Dr. Bershadsky and Health Pro. You
 18 have had Mickey's repair estimates for quite some time, so I don't know what Travelers delay in processing
 19 this claim this can be attributed to.

20 We also have heard nothing about the requests we made of you when we were in person last, i.e.:

- 21 1. Payment by Travelers on loss profits claims of the dental practice;
- 22 2. Payment by Travelers on damage to equipment of dental practice;
- 23 3. Payment by Travelers for rent that must be paid to the landlord.

24 The business is entirely unable to operate because it cannot purchase equipment.

25 The landlord is evicting the dental practice and has now refused another 5 year option because rent could not
 26 be paid after August 2015 to present. This business is in serious economic peril because these amounts have
 27 not been paid.

28 Blake J. Lindemann, Esq.
 433 N. Camden Drive, 4th Floor
 Beverly Hills, CA 90210
 Telephone: 310-279-5269 Facsimile: 310-300-0267

CONFIDENTIALITY NOTICE: This electronic message is intended only for named recipient(s). It contains
 information that may be confidential, privileged, attorney work product, or otherwise exempt from disclosure
 under applicable law.

LINDEMANN LAW FIRM, APC
 433 N. CAMDEN DRIVE, 4TH FLOOR
 BEVERLY HILLS, CA 90210

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

1 31. On May 19, 2016, Plaintiff's counsel sent an e-mail message to Travelers again
2 expressing the urgency that the event of loss be addressed:

3
4 Mike: The dental practice needs money for rent ASAP. Eviction is imminent. We also need the equipment
5 paid immediately as well as the estimates made for build out by Mickey Vo. Why do you need to talk to
me? Just pay the claim.

6
7 Blake J. Lindemann, Esq.
8 433 N. Camden Drive, 4th Floor
Beverly Hills, CA 90210
Telephone: 310-279-5269 Facsimile: 310-300-0267

9 32. On May 14, 2016, Travelers sent a letter indicating coverage existed for mold
10 remediation related to the 8/10/15 plumbing leak. See attached letter as "Exhibit C" hereto.

11 33. Based on this accepted coverage, Travelers paid \$46,526.63 to Health Pro.

12 34. Based on this covered loss, Health Pro e-mailed Travelers a Statement of Claim on
13 May 27, 2016.

14 35. Travelers did not pay the May 27, 2016 statement of claim provided by Plaintiff, and
15 did not respond directly to the claim.

16 36. On June 24, 2016, Plaintiff's counsel wrote to Travelers as follows:

17
18 Mike: More than two weeks have passed since the e-mail you sent us below, and still there is no response.
19 We have repeatedly requested from September 2015, and on, that the rent be paid and lost profits be paid.
20 We have not even received payment on the equipment and build out, even though Travelers has accepted
coverage. The business is going to be evicted due to Travelers' conduct. It is urgent that Travelers
responds to us.

21
22 Blake J. Lindemann, Esq.
23 433 N. Camden Drive, 4th Floor
Beverly Hills, CA 90210
Telephone: 310-279-5269 Facsimile: 310-300-0267

24
25 37. In early July of 2016, Travelers knowingly responsible for having failed to pay
26 benefits for the covered loss, and the claim made in *August of 2015*, claimed Plaintiff didn't provide
27 Travelers documentation needed to process the claim, even though Travelers was provided with
28 ample documentation.

1 38. After nearly one year of jumping through an array of hoops, Health Pro was evicted
2 in August of 2016 from the Premises. Plaintiff's counsel sent the following message on August 2,
3 2016:

4
5 Mike: Travelers' response come too little, too late. Travelers has had every opportunity to take action by
6 paying the rent, after it accepted coverage of the loss event. Your contrived excuse, that Travelers did not
7 have sufficient financial loss information, is of no significance because as we have stated to you, and as we
8 have stated to Mr. Monk from the beginning, maintenance of this business required the tenancy to remain
9 intact on Mindanao Way. You accepted coverage, you significantly delayed providing a response as to the
10 payment of rent (many, many months), and have not compensated for build-out or the cost to replace
11 equipment. You had all the information to pay rent. I even offered to put you in touch with the Landlord,
12 but you have not done anything. Based on the above, Health Pro is imminently going to lose its business,
13 and has been forced to file a bankruptcy.

14
15 Blake J. Lindemann, Esq.
16 433 N. Camden Drive, 4th Floor
17 Beverly Hills, CA 90210
18 Telephone: 310-279-5269 Facsimile: 310-300-0267
19

20 39. Plaintiff was evicted from the Premises in September of 2016 and has not continued
21 operating its Dental Practice from the Premises after this date.

22 **CAUSE OF ACTION ONE**

23 **BREACH OF CONTRACT AND DECLARATORY RELIEF**

24 *(Against Travelers and DOES 1 to 100, inclusive)*

25 40. Plaintiffs hereby refer to, and incorporate by reference, each and every allegation
26 contained in the preceding paragraphs as though fully set forth herein.

27 41. The Policy is a contract under applicable California law governing the contract.

28 42. The Policy provides that benefits should be paid to Health Pro if it has a covered loss
event under the Policy.

 43. Travelers admitted on May 14, 2016 that the August water intrusions and mold
related therefrom, were covered events under the Policy.

 44. At all relevant times, Health Pro has performed all obligations under the Policy on its
part to be performed.

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

45. Travelers' failure to determine coverage until May 14, 2016 (for a loss event in August of 2015) constitutes a breach of the Policy, to which Plaintiff is entitled to its attorney's fees.

46. Based on the covered loss admitted by Travelers, Defendants are required to pay all benefits due under the Policy in the event of a covered loss, but Defendants have not done so.

47. As a direct and proximate result of Travelers' breach of the Policy, Plaintiff is required to defend its contractual right to Policy benefits. Plaintiff's business has suffered a significant commercial loss event including diminution of value, lost profits, loss of equipment, loss of capitation contracts and other insurance contracts, loss of money spent to build-out Premises, loss of lease with Landlord of premises, attorney's fees, loss of the shareholder's value, damage to the shareholder's value of Health Pro, and other amounts to be proven at the time of trial.

48. As a direct and proximate result of Travelers' breach of the subject insurance Policy, Plaintiffs have suffered contractual damages under the terms and conditions of the Policy in an amount equal to all future benefits to be paid under the Policy, attorneys' fees, emotional distress damages, and Plaintiffs will continue to suffer such damage, plus interest and other incidental damages and out-of-pocket expenses, all in the sum to be determined according to proof at the time of trial.

49. No excuse justifies Defendant Travelers' various breaches of the Policy.

CAUSE OF ACTION TWO

BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING

(Against Defendant Travelers, and DOES 1 to 100, inclusive)

50. Plaintiffs hereby refer to and incorporate by reference each and every allegation contained in the preceding paragraphs as though fully set forth herein.

51. Defendant Travelers issued a Policy to Plaintiff. The Policy was entered into by Plaintiff Health Pro, and required payments of benefits within California for a total amount to be proven at the time of trial.

52. Defendant Travelers has breached its duty of good faith and fair dealing owed to the Plaintiff under the Policy in the following respects:

a. By unreasonably failing to conduct prompt and unbiased investigation;

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

- b. By unreasonably failing to consider the estimates of various contractors;
- c. By unreasonably failing to consider and evaluate the reports of Travelers's own professionals and site visits on multiple occasions;
- d. By failing to request a further follow-up as to claim of loss;
- e. By unreasonably failing to request current information regarding any of Health Pro's information that might have informed the claim;
- f. By unreasonably failing to understand, apprehend, or inquire further regarding the loss event;
- g. By unreasonably failing to investigate or interview the claims;
- h. By unreasonably disregarding the opinion of its own professionals that evaluated the Premises;
- i. By unreasonably interpreting the Policy so as to be restrictive and exclusionary;
- j. By unreasonably threatening and seeking to terminate benefits under the Policy of which Health Pro relies on;
- k. By unreasonably withholding the promise of future payments from the Plaintiff, knowing that Plaintiff's claim for benefits under the Policy to be valid;
- l. By failing to effectuate, in good faith, prompt, fair, and equitable settlement of Plaintiff's claims for benefits under the Policy;
- m. By unreasonably failing to promptly provide a reasonable basis relied upon in the Policy, in relation to the applicable facts for the delay of the Plaintiff's claim, and to provide a reasonable basis for Defendant's attempt to terminate Policy benefits;
- n. By failing and refusing to give at least as much consideration to the Plaintiff's welfare in the investigation of its requests as it gave to its own interests;
- o. By failing and refusing to provide information regarding the persons who prompted the denial or delay of coverage;

53. Plaintiffs are informed and believe, and based thereon allege, that Travelers has breached its duty of good faith and fair dealing owed to the Plaintiffs by other acts or omissions of

1 which Plaintiffs are presently unaware, and which will be shown according to proof at the time of
2 trial after a reasonable opportunity for discovery.

3 54. As a proximate result of the aforementioned unreasonable conduct of Travelers, the
4 Plaintiffs have suffered, and will continue to suffer in the future, economic and other consequential
5 damages, including emotional distress damages and other incidental and out-of-pocket expenses,
6 commercial loss claims, eviction, and other damages, for a total amount to be shown at trial.

7 55. As a further proximate result of the unreasonable conduct of Travelers, Plaintiff was
8 compelled to retain legal counsel to obtain the benefits due under the Policy based on the covered
9 loss. Therefore, Travelers is liable to the Plaintiff for those attorneys' fees and costs of litigation
10 reasonably necessary and incurred by the Plaintiff in order to obtain the Policy benefits in a sum to
11 be determined at trial.

12 56. Travelers' conduct described herein was intended by Travelers to cause injury to
13 Plaintiffs or was despicable conduct carried on by the Travelers with a willful and conscious
14 disregard (and or reckless disregard) of the rights of Plaintiff, subjected the Plaintiffs to cruel and
15 unjust hardship in conscious disregard to their rights, and was an intentional misrepresentation,
16 deceit, or concealment of a material fact known to Travelers with the intention to deprive the
17 Plaintiffs of property, legal rights or to otherwise cause injury, such as to constitute malice
18 oppression or fraud under California Civil Code § 3294, thereby entitling Plaintiffs to punitive
19 damages in an amount appropriate to punish or set an example of Travelers.

20 57. Travelers' conduct in delaying *any* Policy benefits to Plaintiff for over one year was
21 an unfair act and practice which caused Plaintiff to suffer a substantial loss and which led to the
22 destruction of Dental Practice at the Premises. Travelers' knew that its delay would cause the
23 business to be destroyed.

24 **CAUSE OF ACTION THREE**

25 **INTENTIONAL INFLICTION OF EMOTIONAL DISTRESS**

26 *(Against Defendant Travelers, Defendant Baker, and DOES 1 to 100, inclusive)*

27 50. Plaintiffs hereby refer to and incorporate by reference each and every allegation
28 contained in the preceding paragraphs as though fully set forth herein.

1 51. As set forth in the Complaint, Defendants have demonstrated extreme and outrageous
2 conduct against the Plaintiff Health Pro, the insured.

3 52. Specifically, the conduct goes beyond mere insults and hurt feelings, and seeks to
4 economically destroy the Plaintiffs and deny them Policy benefits that will allow Plaintiffs to
5 support themselves and maintain the Dental Practice.

6 53. Defendants' conduct is outrageous because the Defendants are abusing a position of
7 power. Defendants know Plaintiff is susceptible to injuries through mental distress, and they
8 committed their actions intentionally or unreasonably with the recognition that the acts are likely to
9 result in illness through mental distress.

10 54. Defendants' Travelers and Baker's conduct was outrageous in that they ignored the
11 great bulk of the information supporting the fact the claim was a covered loss.

12 55. By adopting a wait and see approach until after the Dental Practice business had been
13 evicted and reduced to shambles, Travelers' acts and conduct, separately constitutes outrageous
14 conduct.

15 56. Defendants, by their outrageous and extreme conduct, intended to cause severe
16 emotional distress to Plaintiffs or had reckless disregard of the probability that such distress will
17 result.

18 57. Plaintiff Ginzburg's severe emotional distress was proximately caused by
19 Defendants' conduct.

20 CAUSE OF ACTION FOUR

21 **INTENTIONAL INTERFERENCE WITH PROSPECTIVE ECONOMIC RELATIONS**

22 *(Against Defendants Travelers, Baker, and DOES 1 to 100, inclusive)*

23 58. Plaintiffs hereby refer to and incorporate by reference each and every allegation
24 contained in the preceding paragraphs as though fully set forth herein.

25 59. As a result of the relationship between the Dental Practice and its patients, an
26 economic relationship existed, which such prospective deal between thousands of Plaintiffs' patients
27 would probably benefit Plaintiffs.
28

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

61. Despite these assurance and the parties' agreements, Travelers cut Health Pro out of a prospective deal: Travelers finally accepted coverage, but did not pay Policy benefits (except the minimal amount as discussed in the fact section).

62. Travelers, Baker and their agents designed their wrongful conduct to disrupt the relationship between Health Pro and its patients, so as to benefit Travelers and its agents, and to deny coverage. By seeking to discontinue Policy benefits to the exclusion of Health Pro, and in orchestrating its policy and status quo of seeking to cut off policy benefits of other claimholders, Travelers virtually assured that any prospective deal with Health Pro, or related to the Policy would inure to Travelers's benefit exclusively in that Travelers would not have to pay for the continuing loss and damages of a business.

63. Plaintiffs were harmed, entirely deprived of a prospective economic opportunity with patients after Health Pro was evicted from the Dental Practice, and Defendant's wrongful conduct was a substantial factor in causing Plaintiffs' harm.

64. Furthermore, said Defendant engaged in the above-described actions in an oppressive, fraudulent and malicious manner. Its conduct, therefore, warrants the imposition and award of punitive damages.

VIOLATION OF THE UNFAIR COMPETITION LAW

(Against Travelers and DOES 1 to 100, inclusive)

65. Plaintiffs hereby refer to and incorporate by reference each and every allegation contained in the preceding paragraphs as though fully set forth herein.

66. By the above-described acts and omissions of Defendant Travelers and Doe defendants 1-100, inclusive, including the use of wires, U.S. Mail and electronic mail to perpetrate their wrongful conduct as described herein, including fraud and deceit, said defendants, and each of

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

1 them, have engaged and are continuing to engage in unfair business practices, including those
2 prohibited by and in violation of the provisions of California Business and Professions Code § 17200
3 *et seq.* Plaintiffs are informed and believe and on such information and belief alleges that said
4 defendants, and each of them, have engaged in the same or similar unfair, unlawful and immoral
5 conduct with others in respect of similar premises and business dealings.

6 67. Ginzburg and Health Pro each constitute an interested person within the meaning of
7 California Business and Professions Code § 17204, because they are each a direct victim of
8 Travelers's unlawful business practices and have suffered actual damages as a consequence thereof.

9 68. Unless restrained, said defendants, and each of them, will continue to engage in the
10 above-described unlawful and unfair business practices in a uniform manner, both across their
11 business.

12 69. Said defendants, and each of them, should be restrained, including, without limitation,
13 pursuant to California Business and Profession Code § 17203, from employing and continuing to
14 engage in any of the unlawful, unfair and despicable business practices alleged in this Complaint.

15 70. Said defendants, and each of them, should be ordered pursuant to, *inter alia*,
16 California Business and Profession Code § 17203, to disgorge and make restitution to Plaintiffs of
17 all money or property which they have acquired as a result of unlawful practices described above,
18 and to pay interest accrued at the maximum legal rate according to proof on the money ordered
19 disgorged.
20

21 71. Plaintiffs are without an adequate remedy at law and will suffer irreparable damage
22 and injury if said defendants, and each of them, are not enjoined from engaging in and perpetrating
23 their unlawful practices.

24 CAUSE OF ACTION SIX

25 CONSPIRACY TO DEFRAUD AND INTERFERE WITH PROSPECTIVE ECONOMIC 26 EXPECTATIONS

27 (As Against all Defendants and DOES 1-100 inclusive)

28 72. Plaintiffs incorporate herein by this reference all of the allegations hereinabove

1 set forth. Plaintiffs hereby refer to and incorporate by reference each and every allegation contained
2 in the preceding paragraphs.

3 73. Each of the Defendants herein agreed among each other to commit the above-described
4 unlawful acts (or acts by unlawful means). Specifically, Baker and Travelers sought to delay
5 acceptance of coverage long enough so that Health Pro would be crippled and unable to defend
6 itself. Travelers had no reasonable belief on information or personal knowledge to believe them to
7 be true, but carried out their attempts to seek restitution and denied Policy benefits.

8 76. Each of the Defendants herein committed fraudulent acts and conspired against Plaintiffs
9 with knowledge of the damage their fraud and interference with prospective economic relations
10 would cause to Plaintiff.

11 77. Injury was caused to Plaintiff by the Defendants, and each of them.

12 78. As a direct and proximate result, Plaintiffs have suffered actual, special, incidental and
13 consequential damages in a sum to be established at trial.

14 79. Each of the defendants acted with malice, oppression, fraud and despicable conduct in
15 forming and carrying out their conspiracy against Plaintiffs. Accordingly, Plaintiffs seeks to recover
16 punitive damages in addition to actual damages at trial.

17 PRAYER FOR RELIEF

18 **WHEREFORE**, Plaintiffs prays for judgment against Defendant Travelers, Michael Baker,
19 and Does 1 to 100, inclusive, as follows:

- 20 1. Damages for failure to provide full benefits under the Policy, in an amount to be
21 determined at the time of trial plus interest, including prejudgment interest, in a sum
22 to be determined at the time of trial;
- 23 2. General damages for emotional distress and other incidental damages;
- 24 3. Commercial loss event including diminution of value, lost profits, loss of equipment,
25 loss of capitation contracts and other insurance contracts, loss of money spent to
26 build-out premises, loss of lease with Landlord of premises, attorney's fees, loss of
27 the shareholder's value, and other amounts to be proven at the time of trial;
- 28

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

4. Punitive and exemplary damages;
5. A trebling of any punitive damages under California Civil Code § 3345;
6. For attorneys' fees reasonably incurred to obtain the Policy benefits in a sum to be determined at the time of trial;
7. All benefits to be paid under the Policy;
8. All premiums paid to Travelers to date;
9. For costs of suit incurred herein; and
10. For such other and further relief as the Court deems just and proper.

Dated: December 27, 2016

Respectfully submitted,

LINDEMANN LAW FIRM, APC

By: 

BLAKE J. LINDEMANN (SBN 255747)

Attorneys for Plaintiff
**HEALTH PRO DENTAL CORP AND DR.
WILLIAM E. GINZBURG, DDS**

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

DEMAND FOR JURY TRIAL

Plaintiff hereby demands a trial by jury on all claims so triable.

Dated: December 27, 2016

Respectfully submitted,

LINDEMANN LAW FIRM, APC

By: 

BLAKE J. LINDEMANN (SBN 255747)

**Attorneys for Plaintiff
HEALTH PRO DENTAL CORP. AND DR.
WILLIAM E. GINZBURG, DDS**

LINDEMANN LAW FIRM, APC
433 N. CAMDEN DRIVE, 4TH FLOOR
BEVERLY HILLS, CA 90210

EXHIBIT A



Report Claims Immediately by Calling*

1-800-238-6225

Speak directly with a claim professional

24 hours a day, 365 days a year

*Unless Your Policy Requires **Written** Notice or Reporting

OFFICE PAC

DENTISTS OFFICES



A Custom Insurance Policy Prepared for:

**HEALTH PRO DENTAL CORP
737 S. WINDSOR BLVD. SUITE 304**

LOS ANGELES

CA 90005

Presented by: SHEININDAVID

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

COMMON POLICY DECLARATIONS**OFFICE PAC****BUSINESS: DENTIST OFFICE****INSURING COMPANY:****TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA****POLICY NO.: I-680-5D327378-ACJ-13****ISSUE DATE: 08-14-13****1. NAMED INSURED AND MAILING ADDRESS:****HEALTH PRO DENTAL CORP
737 S. WINDSOR BLVD. SUITE 304****LOS ANGELES CA 90005****2. POLICY PERIOD: From 08-15-13 to 08-15-14 12:01 A.M. Standard Time at your mailing address.****3. DESCRIPTION OF PREMISES:**

PREM. LOC. NO.	BLDG. NO.	OCCUPANCY	ADDRESS (same as Mailing Address unless specified otherwise)
01	01	DENTIST OFFICE	3130 SEPULVEDA BLVD. LOS ANGELES CA 90034
02	01	DENTIST OFFICE	13155 MINDANAO WAY MARINA DEL REY CA 90292

4. COVERAGE PARTS AND SUPPLEMENTS FORMING PART OF THIS POLICY AND INSURING COMPANIES**COVERAGE PARTS and SUPPLEMENTS****INSURING COMPANY****Businessowners Coverage Part****ACJ****5. The COMPLETE POLICY consists of this declarations and all other declarations, and the forms and endorsements for which symbol numbers are attached on a separate listing.****6. SUPPLEMENTAL POLICIES: Each of the following is a separate policy containing its complete provisions:****POLICY****POLICY NUMBER****INSURING COMPANY****DIRECT BILL****7. PREMIUM SUMMARY:**

Provisional Premium	\$	7,903.00
Due at Inception	\$	
Due at Each	\$	

NAME AND ADDRESS OF AGENT OR BROKER**COUNTERSIGNED BY:****SHEININ\DAVID****X3630****301 N CANNON DR STE 226****BEVERLY HILLS****CA 90210****IL TO 19 02 05 (Page 1 of 01)****Office: ELMIRA NY SRV CTR DOWN****Authorized Representative****DATE:**

TRAVELERS

One Tower Square, Hartford, Connecticut 06183

BUSINESSOWNERS COVERAGE PART DECLARATIONS

OFFICE PAC

POLICY NO.: I-680-5D327378-ACJ-13

ISSUE DATE: 08-14-13

INSURING COMPANY:

TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA

POLICY PERIOD:

From 08-15-13 to 08-15-14 12:01 A.M. Standard Time at your mailing address.

FORM OF BUSINESS: CORPORATION

COVERAGES AND LIMITS OF INSURANCE: Insurance applies only to an item for which a "limit" or the word "included" is shown.

COMMERCIAL GENERAL LIABILITY COVERAGE

OCCURRENCE FORM	LIMITS OF INSURANCE	
General Aggregate (except Products-Completed Operations Limit)	\$	4,000,000
Products-Completed Operations Aggregate Limit	\$	4,000,000
Personal and Advertising Injury Limit	\$	2,000,000
Each Occurrence Limit	\$	2,000,000
Damage to Premises Rented to You	\$	300,000
Medical Payments Limit (any one person)	\$	5,000

BUSINESSOWNERS PROPERTY COVERAGE

DEDUCTIBLE AMOUNT: Businessowners Property Coverage: \$ 1,000 per occurrence.
Building Glass: \$ 1,000 per occurrence.

BUSINESS INCOME/EXTRA EXPENSE LIMIT: Actual loss for 12 consecutive months

Period of Restoration-Time Period: Immediately

ADDITIONAL COVERAGE:

Fine Arts: \$ 25,000

Other additional coverages apply and may be changed by an endorsement. Please read the policy.

SPECIAL PROVISIONS:

**COMMERCIAL GENERAL LIABILITY COVERAGE
IS SUBJECT TO A GENERAL AGGREGATE LIMIT**

BUSINESSOWNERS PROPERTY COVERAGE

PREMISES LOCATION NO.: 01

BUILDING NO.: 01

COVERAGE	LIMIT OF INSURANCE	VALUATION	COINSURANCE	INFLATION GUARD
BUSINESS PERSONAL PROPERTY \$	814,000	RC*	N/A	2.0%
*Replacement Cost				

COVERAGE EXTENSIONS:

Accounts Receivable	\$ 25,000
Valuable Papers	\$ 25,000

PREMISES LOCATION NO.: 02

BUILDING NO.: 01

COVERAGE	LIMIT OF INSURANCE	VALUATION	COINSURANCE	INFLATION GUARD
BUSINESS PERSONAL PROPERTY \$	814,100	RC*	N/A	2.0%
*Replacement Cost				

COVERAGE EXTENSIONS:

Accounts Receivable	\$ 25,000
Valuable Papers	\$ 25,000

Other coverage extensions apply and may be changed by an endorsement. Please read the policy.

POLICY NUMBER: I-680-5D327378-ACJ-13

EFFECTIVE DATE: 08-15-13

ISSUE DATE: 08-14-13

LISTING OF FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS

THIS LISTING SHOWS THE NUMBER OF FORMS, SCHEDULES AND ENDORSEMENTS
BY LINE OF BUSINESS.

IL T0 19 02 05	COMMON POLICY DEC
MP T0 01 02 05	BUSINESSOWNERS COVERAGE PART DECS
IL T8 01 01 01	FORMS, ENDORSEMENTS AND SCHEDULE NUMBERS
IL T3 15 09 07	COMMON POLICY CONDITIONS

BUSINESSOWNERS

MP T1 30 02 05	TBL OF CONT-BUSINESSOWNERS COV-DELUXE
MP T1 02 02 05	BUSINESSOWNERS PROPERTY COV-SPEC FORM
MP T1 05 02 05	AMENDATORY PROVISIONS-OFFICES
MP T5 22 08 07	CALIFORNIA AMENDATORY PROVISIONS
MP T3 07 03 97	PROTECTIVE SAFEGUARDS-SPRINK&RESTAURANT
MP T3 25 01 08	TERRORISM RISK INS ACT OF 2002 NOTICE
MP T3 50 11 06	EQUIP BREAKDOWN SERV INTERRUPTION LIM
MP T3 56 02 08	AMENDATORY PROVISIONS-GREEN BLD
MP T9 92 03 06	MEDICAL AND DENTAL OFFICE ENDORSEMENT
MP T4 90 05 10	LIMIT OF INS/OCCURRENCE ENDT-CALIFORNIA
MP T5 08 01 06	CALIFORNIA CHANGES-REPLACEMENT COST

COMMERCIAL GENERAL LIABILITY

CG T0 34 11 03	TABLE OF CONTENTS
CG 00 01 10 01	COMMERCIAL GENERAL LIABILITY COV FORM
CG D2 55 11 03	AMENDMENT OF COVERAGE - POLLUTION
CG D3 09 11 03	AMEND ENDT-PRODUCTS-COMPLETED OPR HAZARD
CG D4 71 02 09	AMEND COVERAGE B - PERS & ADV INJURY
CG 21 70 01 08	CAP ON LOSSES-CERTIFIED ACTS-TERRORISM
CG D0 37 04 05	OTHER INSURANCE-ADDITIONAL INSUREDS
CG D2 03 12 97	AMEND-NON CUMULATION OF EACH OCC
CG D4 13 04 08	AMENDMENT OF COVERAGE-COOLING-POLLUTION
MP T1 25 11 03	HIRED AUTO AND NON-OWNED AUTO LIAB
CG D2 56 11 03	AMENDMENT OF COVERAGE
CG D2 88 11 03	EMPLOYMENT-RELATED PRACTICES EXCLUSION
CG D3 26 10 11	EXCLUSION - UNSOLICITED COMMUNICATION
CG D3 56 01 05	MOBILE EQUIP/EXCL VEHICLES SUB TO MV LAW
CG D4 21 07 08	AMEND CONTRAC LIAB EXCL-EXC TO NAMED INS
CG D6 18 10 11	EXCL-VIOLATION OF CONSUMER FIN PROT LAWS
CG D1 42 01 99	EXCLUSION-DISCRIMINATION
CG D2 42 01 02	EXCLUSION WAR
CG D3 43 04 09	EXCL-SERV FURNISH BY HEALTH CARE PROVID
CG T4 78 02 90	EXCLUSION-ASBESTOS
CG T3 33 11 03	LIMIT WHEN TWO OR MORE POLICIES APPLY
CG 32 34 01 05	CALIFORNIA CHANGES

POLICY NUMBER: I-680-5D327378-ACJ-13

EFFECTIVE DATE: 08-15-13

ISSUE DATE: 08-14-13

INTERLINE ENDORSEMENTS

IL T3 82 08 06	EXCL OF LOSS DUE TO VIRUS OR BACTERIA
IL T3 79 01 08	CAPS ON LOSSES FROM CERT ACTS OF TERROR
IL 00 21 09 08	NUCLEAR ENERGY LIAB EXCL END-BROAD FORM
IL 01 04 09 07	CALIFORNIA CHANGES
IL 02 70 09 12	CALIFORNIA CHANGES - CANC AND NONRENEWAL

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions:

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy or any Coverage Part by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. If the policy is cancelled, that date will become the end of the policy period. If a Coverage Part is cancelled, that date will become the end of the policy period as respects that Coverage Part only.
5. If this policy or any Coverage Part is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us as part of this policy.

C. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. INSPECTIONS AND SURVEYS

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. PREMIUMS

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.

2. We compute all premiums for this policy in accordance with our rules, rates, rating plans, premiums and minimum premiums. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

F. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. BUSINESSOWNERS COVERAGE PART - REFERENCES TO FORMS AND ENDORSEMENTS

In some instances, the Common Policy Declarations may list endorsements included in the Businessowners Coverage Part that reference:

1. The Commercial Property Coverage Part;
2. The Commercial General Liability or Liquor Liability Coverage Part; or

This policy consists of the Common Policy Declarations and the Coverage Parts and endorsements listed in that declarations form.

In return for payment of the premium, we agree with the Named Insured to provide the insurance afforded by a Coverage Part forming part of this policy. That insurance will be provided by the company indicated as insuring company in the Common Policy Declarations by the abbreviation of its name opposite that Coverage Part.

One of the companies listed below (each a stock company) has executed this policy, and this policy is countersigned by the officers listed below:

The Travelers Indemnity Company (IND)

The Phoenix Insurance Company (PHX)

The Charter Oak Fire Insurance Company (COF)

Travelers Property Casualty Company of America (TIL)

The Travelers Indemnity Company of Connecticut (TCT)

The Travelers Indemnity Company of America (TIA)

Travelers Casualty Insurance Company of America (ACJ)

3. Standard Property forms including, but not limited to, the following:

- a. Building and Personal Property Coverage Form;
- b. Business Income Coverage Form;
- c. Commercial Property Conditions;
- d. Condominium Association Coverage Form;
- e. Condominium Commercial Unit-Owners Coverage Form;
- f. Causes of Loss Basic Form;
- g. Causes of Loss Special Form; and
- h. Causes of Loss Earthquake Form.


Endorsements referencing the Commercial Property Coverage Part or the Standard Property Forms referenced above apply to the Businessowners Property Coverage Special Form in the same manner as they apply to the forms they reference.

Endorsements referencing the Commercial General Liability Coverage Part apply to the Commercial General Liability Coverage Form (included in the Businessowners Coverage Part) in the same manner as they apply to the form they reference.

H. INSURANCE UNDER TWO OR MORE COVERAGE PARTS

If two or more of this policy's Coverage Parts apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.


Secretary


President

BUSINESSOWNERS

BUSINESSOWNERS

TABLE OF CONTENTS
BUSINESSOWNERS COVERAGE PART
DELUXE PLAN

The following indicates the contents of the principal forms which may be attached to your policy. It contains no reference to the Declarations or Endorsements which also may be attached.

BUSINESSOWNERS PROPERTY COVERAGE
SPECIAL FORM MP T1 02

Beginning on Page

COVERAGE	1
Covered Property	1
Property Not Covered	2
Business Income and Extra Expense	2
Covered Causes of Loss	3
Limitations	3
Additional Coverages	4
Coverage Extensions	11
EXCLUSIONS	22
LIMITS OF INSURANCE	26
Inflation Guard	26
Business Personal Property Limit — Seasonal Increase	27
DEDUCTIBLES	27
PROPERTY LOSS CONDITIONS	27
Abandonment	27
Appraisal	27
Duties in the Event of Loss or Damage	27
Loss Payment — Building and Personal Property	28
Loss Payment — Business Income and Extra Expense	31
Recovered Property	32
Noncumulative Limit	32
COMMERCIAL PROPERTY CONDITIONS	32
Concealment, Misrepresentation or Fraud	32
Control of Property	32
Insurance Under Two or More Coverages	33
Legal Action Against Us	33
Liberalization	33
No Benefit to Bailee	33
Other Insurance	33
Policy Period, Coverage Territory	33
Transfer of Rights of Recovery Against Others to Us	33
Coinsurance	33
Mortgageholders	34
PROPERTY DEFINITIONS	35

BUSINESSOWNERS

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Paragraph G – PROPERTY DEFINITIONS.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the type of property described in this Paragraph A.1., and limited in Paragraph A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fences;
- (3) Fixtures, including outdoor fixtures;
- (4) Retaining walls, whether or not attached;
- (5) Permanently attached:
 - (a) Machinery; and
 - (b) Equipment;
- (6) Outdoor swimming pools;
- (7) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

- (a) Fire extinguishing equipment;
- (b) Outdoor furniture;
- (c) Floor coverings;
- (d) Lobby and hallway furnishings;
- (e) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

(f) Lawn maintenance and snow removal equipment; and

(g) Alarm systems; and

(8) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure; and

(b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Business Personal Property located in or on the buildings described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, including:

- (1) Property owned by you and used in your business;
- (2) Property of others that is in your care, custody or control;
- (3) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you rent, lease or occupy but do not own; and
 - (b) You acquired or made at your expense but are not permitted to remove; and
- (4) "Money" and "Securities".

2. Property Not Covered

Unless the following is added by endorsement to this Coverage Form, Covered Property does not include:

BUSINESSOWNERS.

- a. Aircraft;
- b. Automobiles held for sale;
- c. Vehicles or self-propelled machines that are:
 - (1) Licensed for use on public roads; or
 - (2) Operated principally away from the described premises;

This paragraph does not apply to:

- (1) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (2) Vehicles or self-propelled machines, other than autos, you hold for sale; or
- (3) Trailers or semi-trailers, except as provided in the Non-Owned Detached Trailers Coverage Extension.
- d. Dams or dikes;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavating, grading, backfilling or filling (except those costs made necessary due to repair of buildings insured under this Coverage Form from a Covered Cause of Loss), reclaiming or restoring land or water;
- g. Water or land whether in its natural state or otherwise (including land on which the property is located), land improvements, growing crops or standing timber;
- h. Outdoor trees, shrubs, plants and lawns, other than "stock" except as provided in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension.
- i. The following property while outside of the buildings:
 - (1) Bridges, walks, roadways, patios or other paved surfaces; or
 - (2) Outdoor radio or television antennas, (including satellite dishes) and including their lead-in wiring, masts or towers;

except as provided in the Outdoor Property Coverage Extension;
- j. Watercraft (including motors, equipment and accessories) while afloat;
- k. Accounts and bills, except as provided in the Accounts Receivable Coverage Extension;
- l. "Valuable Papers and Records", except as provided in the Valuable Papers and Records Coverage Extension;
- m. Property that is covered under another Coverage Form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- n. "Fine Arts" except as provided in the Fine Arts Additional Coverage;
- o. Bullion, gold, silver, platinum and other precious alloys or metals, except if they are used in your "operations" (theft limitation applies);
- p. "Electronic Data Processing Equipment" (not including "stock") except as provided in the Electronic Data Processing Coverage Extension;
- q. "Electronic Data Processing Data and Media" (not including "stock") except as provided in the Electronic Data Processing Coverage Extension or in the Accounts Receivable Coverage Extension; or
- r. Outdoor signs, except as provided in the Signs Coverage Extension.

3. Business Income and Extra Expense

Business Income and Extra Expense is provided at the premises described in the Declarations when the Declarations show that you have coverage for Business Income and Extra Expense.

a. Business Income**(1) Business Income means:**

- (a) Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred, including:

- (i) "Rental Value"; and
- (ii) "Maintenance Fees", if you are a condominium association; and

- (b) Continuing normal operating expenses incurred, including payroll.

- (2) We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be

BUSINESSOWNERS

caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

- (3) With respect to the requirements set forth in Paragraph (2) above, if you rent, lease or occupy only part of the site at which the described premises are located, the described premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

b. Extra Expense

- (1) Extra Expense means reasonable and necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss of or damage to property caused by or resulting from a Covered Cause of Loss.
- (2) We will pay Extra Expense (other than the expense to repair or replace property) to:
 - (a) Avoid or minimize the "suspension" of business and to continue "operations" at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement premises or temporary locations; or
 - (b) Minimize the "suspension" of business if you cannot continue "operations".
- (3) We will also pay Extra Expense (including Expediting Expenses) to repair or replace the property, but only

to the extent it reduces the amount of loss that otherwise would have been payable under Paragraph a. Business Income, above.

c. Extended Business Income

If the necessary "suspension" of your "operations" produces a Business Income loss payable under Paragraph a. Business Income above, we will also pay for the actual loss of Business Income you sustain during the period that:

- (1) Begins on the date property is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (2) Ends on the earlier of:
 - (a) The date you could restore your "operations" with reasonable speed, to the level which would generate the Business Income amount that would have existed if no direct physical loss or damage occurred; or
 - (b) Sixty consecutive days after the date determined in Paragraph (1) above.

However, this extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

- d. If the Declarations show for Business Income and Extra Expense:

- (1) Actual loss for 12 consecutive months, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage; or
- (2) Actual loss up to 12 consecutive months subject to a maximum dollar limit, then we will pay for loss of Business Income and Extra Expense that occurs within 12 consecutive months following the date of direct physical loss or damage, subject to the limit shown in any one occurrence.

4. Covered Causes of Loss

RISKS OF DIRECT PHYSICAL LOSS unless the loss is:

BUSINESSOWNERS:

- a. Limited in Paragraph A.5., Limitations; or
- b. Excluded in Paragraph B., Exclusions.

5. Limitations

- a. We will not pay for loss of or damage to:

(1) The "interior of any building or structure" or to personal property in the building or structure, caused by rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
- (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

(2) Steam boilers, steam pipes, steam engines, or steam turbines, caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

(3) Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than explosion.

- b. We will not pay for loss of or damage to the following types of property unless caused by any of the "specified causes of loss" or building glass breakage:

(1) Live animals, birds or fish, and then only if they are killed or their destruction is made necessary.

(2) Fragile articles such as glassware, statuary, marbles, chinaware and porcelains, if broken. This limitation does not apply to:

- (a) Glass that is part of the exterior or interior of a building or structure;

(b) Containers of property held for sale; or

(c) Photographic or scientific instrument lenses.

- c. For loss or damage by "theft", the most we will pay in any one occurrence for the following types of property is:

(1) \$2,500 for all furs, fur garments and garments trimmed with fur.

(2) \$5,000 for all jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$500 or less per item.

(3) \$2,500 for all patterns, dies, molds and forms.

- d. We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss, if the building where loss or damage occurs has been "vacant" for more than 60 consecutive days before that loss or damage occurs:

(1) Vandalism;

(2) Sprinkler Leakage, unless you have protected the system against freezing;

(3) Building glass breakage;

(4) Discharge or leakage of water;

(5) "Theft"; or

(6) Attempted "theft".

With respect to Covered Causes of Loss other than those listed in Paragraphs (1) through (6) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

- e. Coverage for Business Income and Extra Expense does not apply to any loss or increase in loss caused by direct physical loss of or damage to "Electronic Data Processing Data and Media", except as provided in the Interruption of Computer Operations Coverage Extension.

6. Additional Coverages

Unless otherwise stated, payments made under the following Additional Coverages are in addition to the applicable Limits of Insurance.

BUSINESSOWNERS**a. Arson and Theft Reward**

- (1) We will pay for reasonable expenses you incur for rewards that lead to:
 - (a) An arson conviction in connection with a covered fire or explosion loss, or
 - (b) A "theft" conviction in connection with a covered "theft" loss.
- (2) The most we will pay under this Additional Coverage in connection with a particular loss is \$5,000.

b. Claim Data Expense

- (1) We will pay the reasonable expenses you incur in preparing claim data when we require such data to show the extent of loss. This includes the cost of taking inventories, making appraisals, preparing income statements, and preparing other documentation.
- (2) Under this Additional Coverage, we will not pay for:
 - (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
 - (b) Any costs in connection with Paragraph E.2., Appraisal; or
 - (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.
- (3) The most we will pay for preparation of claim data under this Additional Coverage in any one occurrence is \$5,000 regardless of the number of premises involved.

c. Debris Removal

- (1) We will pay your expense to remove debris of Covered Property, other than outdoor trees, shrubs, plants and lawns as described in the Outdoor Trees, Shrubs, Plants and Lawns Coverage Extension, caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writ-

ing within 180 days of the date of direct physical loss or damage.

- (2) Debris Removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

- (3) Except as provided in Paragraph (4) below, payment for Debris Removal is included within the applicable Limit of Insurance shown in the Declarations. The most we will pay under this Additional Coverage is 25% of:

- (a) The amount we pay for the direct physical loss or damage to Covered Property; plus
- (b) The deductible in this Coverage Form applicable to that loss or damage.

- (4) When the debris removal expense exceeds the 25% limitation in Paragraph (3) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to an additional \$25,000 for debris removal expense in any one occurrence, at each described premises.

d. Employee Dishonesty

- (1) We will pay for loss of or damage to Covered Property resulting directly from "employee dishonesty".

We will pay for loss or damage you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates year to year or period to period.

- (2) Paragraphs B.2.h. and B.2.o. do not apply to this Additional Coverage.
- (3) We will not pay for loss resulting from the dishonest acts of any "employee" if coverage for that "employee" was either cancelled or excluded from any previous Insurance policy of yours

BUSINESSOWNERS

providing "employee dishonesty" coverage.

- (4) This Additional Coverage is cancelled as to any "employee" immediately upon discovery by:

- (a) You; or
- (b) Any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee",

of any fraudulent dishonest act committed by that "employee" before or after being employed by you.

- (5) We will pay for covered loss or damage only if discovered no later than one year from the end of the Policy Period.

- (6) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000.

- (7) With respect to this Additional Coverage, occurrence means all loss or damage caused by or involving the same "employee(s)" whether the result of a single act or series of acts.

- (8) If, during the period of any prior "Employee Dishonesty" insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage, subject to the following:

- (a) This insurance became effective at the time of cancellation or termination of the prior insurance; and

- (b) The loss or damage would have been covered by this insurance had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- (9) The insurance provided under Paragraph (8) above is part of, not in addition to the Limit of Insurance described in Paragraph (6) above and is limited to the lesser of the amount recoverable under:

- (a) This Additional Coverage, as of its effective date; or

- (b) The prior "Employee Dishonesty" insurance, had it remained in effect.

e. Expediting Expenses

- (1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary additional expenses you incur to make temporary repairs, expedite permanent repairs, or expedite permanent replacement, at the premises sustaining loss or damage. Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation. Expediting expenses do not include expenses you incur for the temporary rental of property or temporary replacement of damaged property.

- (2) With respect to this Additional Coverage, "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Coverage Form.

- (3) The most we will pay under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.

f. Fine Arts

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to "fine arts" which are owned by:

- (a) You; or

- (b) Others and in your care, custody, or control,

caused by or resulting from a Covered Cause of Loss, including while on exhibit, anywhere within the Coverage Territory.

- (2) The breakage limitation under Paragraph A.5.b.(2) does not apply to this Additional Coverage.

BUSINESSOWNERS**(3) The following exclusions apply to this Additional Coverage:**

- (a) We will not pay for loss or damage caused by or resulting from wear and tear, any quality in the property that causes it to damage or destroy itself, gradual deterioration, insects, birds, rodents or other animals;
- (b) We will not pay for loss or damage caused by or resulting from dampness or dryness of atmosphere, or changes in or extremes of temperature;
- (c) We will not pay for loss or damage caused by or resulting from any repairing, restoration or re-touching process;
- (d) We will not pay for loss or damage caused by or resulting from faulty packing;
- (e) Paragraph B.1.b. Earth Movement;
- (f) Paragraph B.1.c. Governmental Action;
- (g) Paragraph B.1.d. Nuclear Hazard;
- (h) Paragraph B.1.f. War and Military Action;
- (i) Paragraph B.1.g. Water;
- (j) Paragraph B.1.h. Neglect; and
- (k) Paragraph B.2.g.

No other exclusions in Paragraph B. Exclusions apply to this Additional Coverage. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Additional Coverage.

- (4) The most we pay for loss or damage under this Additional Coverage in any one occurrence is \$25,000, or the amount shown in the Declarations for "fine arts", whichever is greater. This limit applies regardless of the number of premises involved.**

g. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$25,000 in any one occurrence for your

liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

h. Fire Protective Equipment Discharge

- (1) If fire protective equipment discharges accidentally or to control a Covered Cause of Loss we will pay your cost to:
 - (a) Refill or recharge the system with the extinguishing agents that were discharged; and
 - (b) Replace or repair faulty valves or controls which caused the discharge.
- (2) The most we will pay under this Additional Coverage in any one occurrence is \$10,000, regardless of the number of premises involved.

i. Forgery or Alteration

- (1) We will pay for loss resulting directly from "forgery or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in money that are made or drawn by or drawn upon you, or made or drawn by one acting as an agent or purported to have been so made or drawn.

We will consider signatures that are produced or reproduced electronically, mechanically or by facsimile the same as handwritten signatures.

We will pay for loss that you sustain through acts committed or events occurring during the Policy Period. Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

- (2) We will not pay for loss resulting from any dishonest or criminal acts committed by you or any of your partners, "employees", "members", "managers", officers, directors or trustees whether acting alone or in collusion with other persons.

BUSINESSOWNERS

- (3) We will pay for covered loss discovered no later than one year from the end of the Policy Period.
- (4) The most we will pay for loss under this Additional Coverage in any one occurrence is \$25,000, regardless of the number of premises involved.
- (5) With respect to this Additional Coverage, occurrence means: all loss caused by any person, or in which that person is concerned or implicated, either resulting from a single act or any number of such acts, whether the loss involves one or more instruments.
- (6) If, during the period of any prior Forgery or Alteration Insurance, you (or any predecessor in interest) sustained loss or damage that you could have recovered under that insurance, except that the time within which to discover loss or damage has expired, we will pay for it under this Additional Coverage provided:
 - (a) This insurance became effective at the time of cancellation or termination of the prior insurance; and
 - (b) The loss would have been covered by this insurance had it been in effect when the acts or events causing the loss were committed or occurred.
- (7) The insurance provided under Paragraph (6) above is part of, and not in addition to the limit described in Paragraph (4) above and is limited to the lesser of the amount recoverable under:
 - (a) This Additional Coverage up to the applicable Limit of Insurance under this Coverage Form, as of its effective date; or
 - (b) The prior Forgery or Alteration insurance, had it remained in effect.
- (8) If you are sued for refusing to pay any covered instrument described in Paragraph (1) above on the basis that it has been forged or altered, and you have our written consent to de-

fend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount we will pay for these legal expenses will be part of and not in addition to the limit described in Paragraph (4) above.

J. Newly Acquired or Constructed Property

(1) Buildings

- (a) We will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

(I) Your:

- a) New buildings while being built on a premises shown in the Declarations;
- b) New buildings while being built on newly acquired premises; and
- c) Materials, equipment, supplies and temporary structures used in connection with such buildings while they are being built; or

- (II) Buildings you acquire by purchase or lease at any premises, including those premises shown in the Declarations.

- (b) The most we will pay for loss of or damage to newly constructed buildings or newly acquired buildings under this Additional Coverage in any one occurrence is \$500,000 at each premises.

(2) Business Personal Property

- (a) When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for direct physical loss of or damage to the following property caused by or resulting from a Covered Cause of Loss:

- (I) Business Personal Property, including such property that you newly acquire, at a build-

BUSINESSOWNERS

ing you acquire by purchase or lease at any premises, including those premises shown in the Declarations; and

(II) Business Personal Property that you newly acquire at a described premises.

(b) The most we will pay for loss of or damage to Business Personal Property under this Additional Coverage in any one occurrence is \$250,000 at each premises.

(3) Period Of Coverage

(a) With respect to insurance under this Additional Coverage, coverage will end when any of the following first occurs:

(i) This policy expires;

(ii) 180 days expire after you acquire the property or begin to construct the property;

(iii) You report values to us; or

(iv) The property is more specifically insured.

(b) We will charge you additional premium for values reported to us from the date construction begins or you acquire the property.

k. Ordinance or Law

(1) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay for:

(a) Loss in value of the undamaged portion of the building as a consequence of enforcement of the minimum requirements of any ordinance or law that requires the demolition of undamaged parts of the same building;

(b) Demolition cost, meaning the cost to demolish and clear the site of undamaged parts of the same building as a consequence of enforcement of the minimum requirements of any ordinance or law that required demolition of such undamaged property; and

(c) The increased cost of construction, meaning the increased cost to repair, rebuild or construct the

property as a consequence of enforcement of the minimum requirements of any ordinance or law. This increased cost of construction coverage applies only if:

(i) The building is insured for replacement cost;

(ii) The building is repaired, rebuilt or reconstructed; and

(iii) The repaired, rebuilt or reconstructed building is intended for similar occupancy as the current building, unless otherwise required by zoning or land use ordinance or law.

(2) The ordinance or law referred to in this Additional Coverage is an ordinance or Law that:

(a) Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

(b) Is in force at the time of the loss.

(3) We will not pay under this Additional Coverage for:

(a) Loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if the building was undamaged; and

(ii) You failed to comply with; or

(b) Costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) Paragraph B.1.a. does not apply to this Additional Coverage.

(5) Subject to the limit described in Paragraph (6) below:

(a) The insurance provided under this Additional Coverage for loss in value to the undamaged portion of the building is limited as follows:

BUSINESSOWNERS

- (I) If Replacement Cost Coverage applies and the building is repaired or replaced on the same or another premises, we will not pay more than the lesser of:
 - a) The amount you actually spend to repair, rebuild or reconstruct the undamaged portion of the building; or
 - b) The amount it would cost to restore the undamaged portion of the building on the same premises and to the same height, floor area, style and comparable quality of the original undamaged portion of the building; or
- (II) If Replacement Cost Coverage applies and the building is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the actual cash value of the undamaged portion of the building at the time of loss.
- (b) We will not pay more for demolition costs than the amount you actually spend to demolish and clear the site of the described premises.
- (c) The insurance provided under this Additional Coverage for increased cost of construction is limited as follows:
 - (i) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay is the increased cost of construction at the same premises; or
 - (ii) If the ordinance or law requires relocation to another premises, the most we will pay is the increased cost of construction at the new premises.

- (6) The most we will pay for loss under this Additional Coverage for the total of all coverages described in Paragraph (1) above in any one occurrence is \$25,000 at each described premises.

I. Outdoor Trees, Shrubs, Plants and Lawns

- (1) We will pay for direct physical loss of or damage to outdoor trees, shrubs, plants (other than "stock" of trees, shrubs or plants) and lawns located at the described premises caused by or resulting from a Covered Cause of Loss.
- (2) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$3,000 at each described premises.
- (3) Debris removal, because of covered loss or damage to outdoor trees, shrubs, plants and lawns, is included within the limits described in Paragraph (2) above.

m. Pollutant Cleanup and Removal

- (1) We will pay your necessary and reasonable expense to extract "pollutants" from land or water at the described premises, if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a "specified cause of loss" which occurs:
 - (a) At the described premises;
 - (b) To Covered Property; and
 - (c) During the policy period.
- (2) The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the "specified cause of loss" occurs.
- (3) This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.
- (4) The most we will pay under this Additional Coverage is \$25,000 for the sum of all covered expenses arising

BUSINESSOWNERS

out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy. This amount applies regardless of the number of premises involved.

n. Preservation of Property

- (1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for:
 - (a) Any direct physical loss of or damage to such property while:
 - (i) Being moved; or
 - (ii) Temporarily stored at another location only if the loss or damage occurs within 90 days after the property is first moved; and
 - (b) The costs incurred to:
 - (i) Remove such property from the described premises; and
 - (ii) Return such property to the described premises.
- (2) Coverage under this Additional Coverage will end when any of the following first occurs:
 - (a) When the policy is amended to provide insurance at the new location;
 - (b) The property is returned to the original described premises;
 - (c) 90 days expire after the property is first moved; or
 - (d) This policy expires.
- (3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

o. Temporary Relocation of Property

- (1) If Covered Property is removed from the described premises and stored temporarily at a location you own, lease or operate while the described premises is being renovated or remodeled, we will pay for direct physical loss of or damage to that stored property:

- (a) Caused by or resulting from a Covered Cause of Loss;
- (b) Up to \$50,000 at each temporary location in any one occurrence; and
- (c) During the storage period of up to 90 consecutive days but not beyond expiration of this policy.

- (2) This Additional Coverage does not apply if the stored property is more specifically insured.

p. Water Damage, Other Liquids, Powder or Molten Material Damage

- (1) If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes.
- (2) We will not pay the cost to repair any defect to a system or appliance from which the water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - (a) Results in discharge of any substance from an automatic fire protection system; or
 - (b) Is directly caused by freezing.
- (3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

7. Coverage Extensions

Unless otherwise stated, payments made under the following Coverage Extensions are subject to and not in addition to the applicable Limits of Insurance.

a. Accounts Receivable

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss, as described in Paragraph (2) below, due to direct physical loss of or damage to your

BUSINESSOWNERS

records of accounts receivable (including those on electronic data processing media) caused by or resulting from a Covered Cause of Loss. Credit card company media will be considered accounts receivable until delivered to the credit card company.

(2) We will pay for:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

(3) The following exclusions apply to this Coverage Extension:

- (a) We will not pay for loss caused by or resulting from bookkeeping, accounting or billing errors or omissions;
- (b) We will not pay for loss that requires an audit of records or any inventory computation to prove its factual existence;
- (c) We will not pay for loss caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities or other property. But this exclusion applies only to the extent of the wrongful giving, taking or withholding;
- (d) Paragraph **B.1.b.** Earth Movement;
- (e) Paragraph **B.1.c.** Governmental Action;
- (f) Paragraph **B.1.d.** Nuclear Hazard;

(g) Paragraph **B.1.f.** War and Military Action;

(h) Paragraph **B.1.g.** Water;

(i) Paragraph **B.1.h.** Neglect; and

(j) Paragraph **B.2.g.**

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

- (4) The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence while in transit or at a premises other than the described premises is \$25,000.
- (5) The most we will pay under this Coverage Extension for loss of or damage to records of accounts receivable in any one occurrence at each described premises is \$25,000 or the amount shown in the Declarations for Accounts Receivable, whichever is greater.
- (6) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

b. Appurtenant Buildings and Structures

- (1) When a Limit of Insurance is shown in the Declarations for Building at the described premises, you may extend that insurance to apply to direct physical loss of or damage to incidental appurtenant buildings or structures, within 1,000 feet of that described premises, caused by or resulting from a Covered Cause of Loss.
- (2) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Business Personal Property within incidental appurtenant buildings or structures within 1,000 feet of that described premises, caused by or resulting from a Covered Cause of Loss.

BUSINESSOWNERS

- (3) Incidental appurtenant buildings or structures include:

- (a) Storage buildings;
- (b) Carports;
- (c) Garages;
- (d) Pump houses; or
- (e) Above ground tanks;

which have not been specifically described in the Declarations.

- (4) The most we will pay for loss or damage under this Coverage Extension in any one occurrence for any combination of loss of or damage to Building and Business Personal Property is \$50,000, regardless of the number of described premises involved.
- (5) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

c. Building Glass

- (1) If:

- (a) You are the building owner; and
- (b) A Limit of Insurance is shown in the Declarations for Building at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass breakage and damage to glass by chemicals accidentally or maliciously applied to glass.

- (2) If:

- (a) You are a tenant;
- (b) A Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises; and

- (c) You are contractually obligated to repair or replace building glass at the described premises;

you may extend that insurance to apply to direct physical loss of or damage to all exterior and interior building glass caused by or resulting from a Covered Cause of Loss, including glass breakage and damage to glass

by chemicals accidentally or maliciously applied to glass.

- (3) We will also pay for necessary expenses in connection with loss or damage covered in Paragraphs (1) or (2) above, incurred by you to:

- (a) Put up temporary plates or board up openings;
- (b) Repair or replace encasing frames; and
- (c) Remove or replace obstructions.

- (4) The following exclusions apply to this Coverage Extension:

- (a) We will not pay for loss or damage caused by or resulting from:
 - (i) Wear and tear;
 - (ii) Hidden or latent defect;
 - (iii) Corrosion; or
 - (iv) Rust;

- (b) Paragraph B.1.b. Earth Movement;

- (c) Paragraph B.1.c. Governmental Action;

- (d) Paragraph B.1.d. Nuclear Hazard;

- (e) Paragraph B.1.f. War and Military Action; and

- (f) Paragraph B.1.g. Water.

No other exclusions in Paragraph B. Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

d. Business Income and Extra Expense From Dependent Property

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage at the premises of a Dependent Property, caused

BUSINESSOWNERS

by or resulting from a Covered Cause of Loss.

(2) **Dependent Property** means property operated by others whom you depend on to:

- (a) Deliver materials or services (other than "water supply services", "communication supply services" or "power supply services") to you, or to others for your account (Contributing Locations);
- (b) Accept your products or services (Recipient Locations);
- (c) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- (d) Attract customers to your business (Leader Locations).

(3) With respect to this Coverage Extension, the "period of restoration":

- (a) Begins 24 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the Dependent Property;
- (b) Ends on the date when the property at the premises of the Dependent Property should be repaired, rebuilt or replaced with reasonable speed and similar quality; and
- (c) Does not include any increased period required due to the enforcement of any ordinance or law that:
 - (i) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (ii) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) **This Coverage Extension:**

- (a) Applies to Dependent Property premises located within the Coverage Territory; and
 - (b) Does not apply when you have more specific insurance under any other policy.
- (5) We will reduce the amount of your Business Income loss, other than Extra Expense, to the extent you can resume "operations" in whole or in part, by using any other available:
- (a) Source of materials; or
 - (b) Outlet for your products.
- (6) The most we will pay for Business Income and Extra Expense under this Coverage Extension in any one occurrence is \$10,000, regardless of the number of described premises or number of Dependent Properties involved.

(7) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

e. Business Income and Extra Expense – Newly Acquired Premises

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur due to the "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss or damage caused by or resulting from a Covered Cause of Loss at any premises you newly acquire by purchase or lease (other than at fairs, trade shows or exhibitions).
- (2) The most we will pay under this Coverage Extension for the sum of Business Income and Extra Expense you incur in any one occurrence is \$250,000 at each newly acquired premises.
- (3) Insurance under this Coverage Extension for each newly acquired

BUSINESSOWNERS

premises will end when any of the following first occurs:

- (a) This policy expires;
- (b) 90 days expire after you acquire that premises;
- (c) You report that premises to us; or
- (d) The Business Income or Extra Expense is more specifically insured.

We will charge you additional premium for premises reported from the date you acquire that premises.

- (4) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

f. Business Personal Property Off Premises

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to such property caused by or resulting from a Covered Cause of Loss while:

- (a) In the course of transit to or from the described premises; or
- (b) Temporarily away from the described premises, and:
 - (i) At a premises you do not own, lease or operate; or
 - (ii) At any fair, trade show or exhibition at a premises you do not own or regularly occupy.

- (2) This Coverage Extension does not apply to property:

- (a) While in the custody of the United States Postal Service;
- (b) Rented or leased to others;
- (c) After delivery to customers;
- (d) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition;
- (e) Temporarily at a premises for more than 60 consecutive days, except "money" and "securities" at a "banking premises";

- (f) Otherwise covered under the Fine Arts Additional Coverage; or

- (g) Otherwise covered under the following Coverage Extensions:

- (i) Accounts Receivable;
- (ii) Electronic Data Processing;
- (iii) Personal Effects; or
- (iv) Valuable Papers and Records.

g. Civil Authority

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur caused by action of civil authority that prohibits access to the described premises. The civil authority action must be due to direct physical loss of or damage to property at locations, other than described premises, that are within 100 miles of the described premises, caused by or resulting from a Covered Cause of Loss.
- (2) The coverage for Business Income will begin 24 hours after the time of that action and will apply for a period of three consecutive weeks after coverage begins.
- (3) The coverage for Extra Expense will begin immediately after the time of that action and will end when your Business Income coverage ends for this Coverage Extension.

h. Electronic Data Processing

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", caused by or resulting from a Covered Cause of Loss.
- (2) Worldwide coverage is provided under this Coverage Extension. The coverage territory as described in

BUSINESSOWNERS

Paragraph F.8.b. does not apply to this Coverage Extension.

- (3) This Coverage Extension does not apply to:

- (a) "Stock"; or
- (b) Property that is leased or rented to others.

- (4) The following exclusions as described in Paragraph B. Exclusions do not apply to this Coverage Extension:

- (a) Paragraph 1.e. Utility Services;
- (b) Paragraph 2.a.; or
- (c) Paragraph 2.d.(6).

- (5) The following additional exclusions apply to this Coverage Extension:

- (a) We will not pay for loss or damage caused by or resulting from any of the following:

- (i) Programming errors, omissions or incorrect instructions to a machine. But if programming errors, omissions or incorrect instructions to a machine results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment";

- (ii) Unauthorized viewing, copying or use of "Electronic Data Processing Data and Media" (or any proprietary or confidential information or intellectual property) by any person, even if such activity is characterized as "theft";

- (iii) Errors or deficiency in design, installation, maintenance, repair or modification of your computer systems or any computer system or network to which your system is connected or on which your system depends (including electronic data). But if errors or

deficiency in design, installation, maintenance, repair or modification of your computer system or any computer system or network to which your system is connected or on which your system depends (including electronic data) results in a "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment", we will pay for the loss or damage caused by that "specified cause of loss" or mechanical breakdown of "Electronic Data Processing Equipment";

- (iv) Unexplained or indeterminate failure, malfunction or slowdown of a computer system, including "Electronic Data Processing Data and Media" or the inability to access or properly manipulate "Electronic Data Processing Data and Media"; or

- (v) "Electronic Vandalism" except as provided in Paragraph (9) below.

- (6) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", while in transit or at a premises other than the described premises, in any one occurrence, is \$25,000.

- (7) The most we will pay under this Coverage Extension for loss of or damage to duplicates of your "Electronic Data Processing Data and Media" while stored at a separate premises from where your original "Electronic Data Processing Data and Media" are kept, in any one occurrence, is \$25,000.

- (8) The most we will pay under this Coverage Extension for loss or damage to "Electronic Data Processing Equipment", including such property you newly acquire in any one occurrence is \$25,000 at each newly acquired premises. With respect to insurance

BUSINESSOWNERS

under this Coverage Extension on newly acquired "Electronic Data Processing Equipment", coverage will end when any of the following first occurs:

- (a) This policy expires;
 - (b) 180 days expire after you acquire the "Electronic Data Processing Equipment"; or
 - (c) You report values to us.
- (9) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Data and Media" caused by or resulting from "electronic vandalism", in any one occurrence is \$25,000, regardless of the number of the number of premises involved. Such limit also applies to any otherwise covered loss of Business Income or Extra Expense.
- (10) The most we will pay under this Coverage Extension for loss of or damage to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media", at the described premises, in any one occurrence, is the Limit of Insurance shown in the Declarations for Business Personal Property at such premises or \$50,000, whichever is less.

I. Equipment Breakdown

- (1) When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Covered Property at the described premises caused by or resulting from a "breakdown" to "covered equipment".

With respect to otherwise covered Business Income and Extra Expense, "breakdown" to "covered equipment" will be considered a Covered Cause of Loss.

If an initial "breakdown" causes other "breakdowns", all will be considered one "breakdown". All "breakdowns" that manifest themselves at the same

time and are the result of the same cause will also be considered one "breakdown".

- (2) Under this Coverage Extension, the following coverages also apply:

(a) Expediting Expenses

- (I) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment", we will pay for the reasonable additional expenses you necessarily incur to make temporary repairs to, or expedite the permanent repair or replacement of, the lost or damaged Covered Property.
- (II) Expediting expenses include overtime wages and the extra cost of express or other rapid means of transportation.
- (III) The most we will pay under this Coverage Extension for all Expediting Expenses arising out of any one "breakdown" is \$25,000. This limit is part of and not in addition to the Limit of Insurance that applies to lost or damaged Covered Property.

(b) "Pollutants"

- (I) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a "breakdown" to "covered equipment", we will pay for the additional cost to repair or replace Covered Property because of contamination by "pollutants". This includes the additional expenses to clean up or dispose of such property. Additional costs mean those beyond what would have been required had no "pollutants" been involved.
- (II) The most we will pay under this Coverage Extension for loss or damage to Covered Property caused by contamination by "pollutants" arising

BUSINESSOWNERS

out of any one "breakdown" is \$25,000. This limit is subject to and not in addition to the Limit of Insurance that applies to lost or damaged Covered Property.

(c) Service Interruption

When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to loss caused by or resulting from a "breakdown" to equipment that is owned, operated or controlled by a local public or private utility or distributor that directly generates, transmits, distributes or provides the following utility services:

- (i) "Water Supply Services";
- (ii) "Communication Supply Services"; or
- (iii) "Power Supply Services".

(3) We will not pay under this Coverage Extension for loss or damage caused by or resulting from any of the following tests:

- (a) A hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel; or
- (b) An insulation breakdown test of any type of electrical equipment.

(4) We will not pay under this Coverage Extension for loss or damage caused by or resulting from a change in:

- (a) Temperature; or
 - (b) Humidity;
- as a consequence of "breakdown" to "covered equipment".

(5) The following limitations in Paragraph A.5. do not apply to this Coverage Extension:

- (a) Paragraph a.(2); and
- (b) Paragraph a.(3).

(6) The following exclusions in Paragraph B. Exclusions do not apply to this Coverage Extension:

- (a) Paragraph 2.a.;
- (b) Paragraph 2.d.(6); and

(c) Paragraph 2.e.

(7) With respect to this Coverage Extension, the following condition is added to Paragraph F. Commercial Property Conditions:

Suspension

If any "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance provided by this Coverage Form for loss or damage caused by or resulting from a "breakdown" to that "covered equipment". This can be done by delivering or mailing a notice of suspension to:

- 1. Your last known address; or
- 2. The address where the "covered equipment" is located.

Once suspended in this way, such insurance can only be reinstated by a written endorsement issued by us. If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment". But the suspension will be effective even if we have not yet made or offered a refund.

(8) The most we will pay under this Coverage Extension for all direct physical loss of or damage to:

- (a) "Diagnostic Equipment";
- (b) "Power Generating Equipment"; or
- (c) "Production Equipment";

caused by or resulting from a "breakdown" to "covered equipment" in any one occurrence is \$100,000.

J. Interruption of Computer Operations

- (1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to a "suspension" of "operations" caused by an interruption of computer operations due to direct physical loss of or damage to "Electronic Data Processing Data and Media" at the described premises caused by or resulting from a Covered Cause of Loss.**

BUSINESSOWNERS

(2) The most we will pay under this Coverage Extension is \$25,000 for the sum of all covered interruptions arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this policy.

(3) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

k. Money Orders and Counterfeit Paper Currency

When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss due to the good faith acceptance of:

(1) Any U.S. or Canadian post office or express money order, issued or purporting to have been issued by any post office or express company, if the money order is not paid upon presentation; or

(2) Counterfeit United States or Canadian paper currency;

in exchange for merchandise, "money" or services or as part of a normal business transaction.

l. Non-Owned Detached Trailers

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to trailers or semi-trailers that you do not own, provided that:

(a) The trailer or semi-trailer is used in your business;

(b) The trailer or semi-trailer is in your care, custody or control at the described premises; and

(c) You have a contractual responsibility to pay for loss of or damage to the trailer or semi-trailer.

(2) We will not pay for loss or damage that occurs:

(a) While the trailer or semi-trailer is attached to any motor vehicle or motorized conveyance, whether

or not the motor vehicle or motorized conveyance is in motion; or

(b) During hitching or unhitching operations, or when a trailer or semi-trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$5,000 regardless of the number of described premises, trailers or semi-trailers involved.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

m. Ordinance or Law – Increased Period of Restoration

(1) When:

(a) A Covered Cause of Loss occurs to property at the described premises; and

(b) The Declarations show that you have coverage for Business Income and Extra Expense;

you may extend that insurance to apply to the amount of actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur during the increased period of "suspension" of "operations" caused by or resulting from the enforcement of any ordinance or law that:

(a) Regulates the construction, repair or replacement of any property;

(b) Requires the tearing down or replacement of any parts of property not damaged by a Covered Cause of Loss; and

(c) Is in force at the time of loss.

(2) This Coverage Extension applies only to the period that would be required, with reasonable speed, to reconstruct, repair or replace the property to comply with the minimum requirements of the ordinance or law.

(3) This Coverage Extension does not apply to:

BUSINESSOWNERS

(a) Loss due to an ordinance or law that:

(i) You were required to comply with before the loss, even if the property was undamaged; and

(ii) You failed to comply with; or

(b) Costs associated with the enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) Paragraph B.1.a., does not apply to this Coverage Extension.

(5) The most we will pay for loss under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

(6) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

n. Outdoor Property

(1) When a Limit of Insurance is shown in the Declarations for Building or Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to the following types of outdoor property at that described premises caused by or resulting from a Covered Cause of Loss:

(a) Radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers; or

(b) Bridges, walks, roadways, patios and other paved surfaces.

(2) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$10,000 at each described premises.

o. Personal Effects

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance

to apply to direct physical loss of or damage to personal effects owned by:

(a) You; or

(b) Your officers, partners, "members", "managers", "employees", directors or trustees;

caused by or resulting from a Covered Cause of Loss.

(2) Such property must be located at a described premises.

(3) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

(4) Payments under this Coverage Extension are in addition to the applicable Limits of Insurance.

p. Signs

(1) If:

(a) You are the building owner; and

(b) A Limit of Insurance is shown in the Declarations for Building;

at the described premises, you may extend that insurance to apply to direct physical loss of or damage to outdoor signs attached to the building, or on or within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.

(2) If:

(a) You are a tenant;

(b) A Limit of Insurance is shown in the Declarations for Business Personal Property; and

(c) You own or are contractually obligated to repair or replace outdoor signs;

at the described premises, you may extend that insurance to apply to direct physical loss of or damage to outdoor signs attached to the building, or on or within 1,000 feet of the described premises, caused by or resulting from a Covered Cause of Loss.

BUSINESSOWNERS**q. Spoilage – Consequential Loss**

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to consequential loss to your Business Personal Property caused by a change in:

- (a) Temperature; or
- (b) Humidity;

caused by or resulting from a Covered Cause of Loss to any of the following types of equipment situated within the building at the described premises:

- (a) Refrigerating;
- (b) Cooling;
- (c) Humidifying;
- (d) Air-conditioning;
- (e) Heating;
- (f) Generating or converting power; or
- (g) Connections, supply or transmission lines and pipes associated with the above equipment.

- (2) With respect to this Coverage Extension, "breakdown" to "covered equipment" will not be considered a Covered Cause of Loss, even if otherwise covered elsewhere in this Coverage Form.

- (3) Paragraphs **B.2.d.(7)(a)** and **B.2.d.(7)(b)** do not apply to this Coverage Extension.

r. Theft Damage to Rented Property

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to the following caused by or resulting by "theft" or attempted "theft":

- (a) That part of a building you occupy, but do not own, which contains Covered Property; and
- (b) Property within such non-owned building used for maintenance or

service of such non-owned building.

- (2) We will not pay under this Coverage Extension for loss or damage:

- (a) Caused by or resulting from fire or explosion; or
- (b) To glass (other than glass building blocks) or to any lettering, ornamentation or burglar alarm tape on glass.

- (3) This Coverage Extension applies only if you are a tenant and you are contractually obligated to insure this exposure.

s. Valuable Papers and Records

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to "valuable papers and records", that:

- (a) You own; or
- (b) Are owned by others, but in your care, custody or control;

caused by or resulting from a Covered Cause of Loss.

- (2) This Coverage Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.

- (3) The following exclusions apply to this Coverage Extension:

- (a) We will not pay for any loss or damage to "valuable papers and records" caused by or resulting from any errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the resulting loss or damage caused by that fire or explosion.
- (b) Paragraph **B.1.b.** Earth Movement;
- (c) Paragraph **B.1.c.** Governmental Action;
- (d) Paragraph **B.1.d.** Nuclear Hazard;

BUSINESSOWNERS

- (e) Paragraph **B.1.f.** War and Military Action;
- (f) Paragraph **B.1.g.** Water;
- (g) Paragraph **B.1.h.** Neglect; and
- (h) Paragraph **B.2.g.**

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

- (4) The most we will pay under this Coverage Extension for loss of or damage to "valuable papers and records" in any one occurrence while in transit or at a premises other than the described premises is \$25,000.
- (5) The most we will pay under this Coverage Extension for loss of or damage to "valuable papers and records" in any one occurrence at each described premises is \$25,000 or the amount shown in the Declarations for Valuable Papers and Records, whichever is greater.
- (6) Payments made under this Coverage Extension are in addition to the applicable Limits of Insurance.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Ordinance or Law

- (1) The enforcement of any ordinance or law:
 - (a) Regulating the construction, use or repair of any property; or
 - (b) Requiring the tearing down of any property, including the cost of removing its debris.
- (2) This exclusion, Ordinance or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased; or
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface;

all whether naturally occurring or due to man made or other artificial causes.

But if Earth Movement, as described in Paragraphs (1) through (4) above results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire or volcanic action, we will pay for the loss or damage caused by that fire or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano, when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;

BUSINESSOWNERS

(b) Ash, dust, or particulate matter;
or

(c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss of or damage to Covered Property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and done at the time of a fire to prevent its spread, if the fire would be covered under this policy.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure or fluctuation of power or other utility service supplied to the described premises, however caused, if the cause of the failure or fluctuation occurs away from the described premises.

But if the failure or fluctuation of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage resulting from that Covered Cause of Loss.

f. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by

governmental authority in hindering or defending against any of these.

g. Water

(1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

(2) Mudslide or mudflow;

(3) Water or sewage that backs up or overflows from a sewer, drain or sump; or

(4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings;

all whether naturally occurring or due to man made or other artificial causes.

But if Water, as described in Paragraphs (1) through (4) above results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. Neglect

Neglect of an insured to use reasonable means to save and preserve property from further damage at and after the time of loss.

i. Collapse of Buildings

Collapse of buildings meaning an abrupt falling down or caving in of a building or any part of a building with the result being that the building or part of a building cannot be occupied for its intended purpose.

(1) This exclusion does not apply to collapse of buildings if caused only by one or more of the following:

(a) A "specified cause of loss" or breakage of building glass;

(b) Decay, insect or vermin damage that is hidden from view, unless the presence of such decay or insect or vermin damage is known to an insured prior to collapse;

BUSINESSOWNERS

- (c) Weight of people or personal property;
- (d) Weight of rain that collects on a roof; or
- (e) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation; or
- (f) Use of defective material or methods in construction, remodeling or renovation if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a cause of loss listed in Paragraphs (a) through (d) above.

In the event collapse results in a Covered Cause of Loss, we will only pay for the resulting loss or damage by that Covered Cause of Loss.

- (2) We will not pay for loss of or damage to the following types of property, if otherwise covered in this Coverage Form under Paragraphs (1)(b) through (1)(f) above, unless the loss or damage is a direct result of the collapse of a building:

- (a) Awnings, gutters and downspouts;
- (b) Outdoor radio or television antennas (including microwave or satellite dishes) and their lead-in wiring, masts or towers;
- (c) Fences;
- (d) Piers, wharves and docks;
- (e) Beach or diving platforms or appurtenances;
- (f) Retaining walls;
- (g) Walks, roadway and other paved surfaces;
- (h) Yard fixtures; or
- (i) Outdoor swimming pools.

- (3) A building or part of a building that:

- (a) Is in imminent danger of abruptly falling down or caving in; or
- (b) Suffers a substantial impairment of structural integrity;

is not considered to have collapsed but is considered to be in a state of imminent collapse.

- (4) With respect to buildings in a state of imminent collapse, we will not pay for loss or damage unless the state of imminent collapse first manifests itself during the policy period and is caused only by one or more of the following which occurs during the policy period:

- (a) A "specified cause of loss" or breakage of glass;
- (b) Weight of people or personal property;
- (c) Weight of rain that collects on a roof; or
- (d) Use of defective material or methods in construction, remodeling or renovation if the state of imminent collapse occurs during the course of construction, remodeling or renovation.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical current, including electric arcing that disturbs electrical devices, appliances or wires unless caused by a "specified cause of loss".

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;

- (2) Rust, corrosion, fungus, decay, deterioration, wet or dry rot, mold, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

- (3) Smog;

- (4) Settling, cracking, shrinking or expansion;

- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;

BUSINESSOWNERS

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision;

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature;
- (c) Marring or scratching;
- (d) Changes in flavor, color, texture or finish;
- (e) Evaporation or leakage; or

(8) Contamination by other than "pollutants".

But if an excluded cause of loss that is listed in Paragraphs (1) through (8) above results in a "specified cause of loss", building glass breakage or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss), we will pay for the loss or damage caused by that "specified cause of loss", building glass breakage or "breakdown" to "covered equipment" (only if otherwise a Covered Cause of Loss).

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protection sys-

tems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the water supply if the heat is not maintained.

h. Dishonest or criminal acts by you, or any of your partners, "members", officers, "managers", "employees" (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your "employees" (including leased employees), but "theft" by "employees" (including leased employees) is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property.
- j. Rain, snow, sand, dust, ice or sleet to personal property in the open.
- k. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, k, does not apply to damage to glass caused by chemicals applied to the glass.

- l. Default on any credit sale, loan, or similar transaction.
- m. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This exclusion does not apply to "money" and "securities".

BUSINESSOWNERS:

- n. Loss of property or that part of any loss, the proof of which as to its existence or amount is dependent on:

- (1) Any inventory computation; or
- (2) A profit and loss computation.

- o. The transfer of property to a person or to a place outside the described premises on the basis of unauthorized instructions.

- p. Loss of "money" or "securities" caused by or resulting from accounting or arithmetic errors or omissions.

- q. The cost of correcting or making good the damage to personal property attributable to such property being processed, manufactured, tested, repaired, restored, re-touched or otherwise being worked upon.

3. We will not pay for loss or damage caused by or resulting from any of the following under Paragraphs a. through c. But if an excluded cause of loss that is listed in Paragraphs a. and b. below results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions, but this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1. above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

If an excluded cause of loss that is listed in Paragraphs (1) through (4) above results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

- (1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect; or

- (2) Any resulting loss or damage by a Covered Cause of Loss to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.

4. Business Income and Extra Expense Exclusions

We will not pay for:

- a. Any Extra Expense, or increase of Business Income loss, caused by or resulting from:

- (1) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference by strikers or other persons at the location of the rebuilding, repair or replacement; or

- (2) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and the period of "Extended Business Income"; or

- b. Any other consequential loss.

C. LIMITS OF INSURANCE

1. The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedules, Coverage Forms, or endorsements.

2. Inflation Guard

- a. When a percentage for Inflation Guard is shown in the Declarations, the Limit of Insurance for property to which this coverage applies will automatically increase by that annual percentage.

- b. The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, multiplied by

BUSINESSOWNERS

- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), multiplied by

- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:

The applicable Building limit is \$100,000

The annual percentage increase is 8%

The number of days since the beginning of the policy year (or last policy change) is 146

The amount of increase is
 $\$100,000 \times .08 \times (146/365) = \$3,200$

3. Business Personal Property Limit – Seasonal Increase

- a. The Limit of Insurance for Business Personal Property shown in the Declarations will automatically increase by 25% to provide for seasonal variations.

- b. This increase will apply only if the Limit of Insurance shown for Business Personal Property in the Declarations is at least 100% of your average monthly values during the lesser of:

- (1) The 12 months immediately preceding the date the loss or damage occurs; or

- (2) The period of time you have been in business as of the date the loss or damage occurs.

D. DEDUCTIBLES

1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Businessowners Property Coverage Deductible shown in the Declarations. We will then pay the amount of covered loss or damage in excess of that Deductible. But we will not pay more than the applicable Limit of Insurance.
2. Regardless of the amount of the Businessowners Property Coverage Deductible, the most we will deduct from any loss or damage under the Building Glass Coverage Extension

in any one occurrence is the Building Glass Deductible shown in the Declarations.

3. The Businessowners Property Coverage Deductible does not apply to any of the following:

- a. Fire Department Service Charge;
- b. Business Income and Extra Expense;
- c. Arson and Theft Reward; and
- d. Accounts Receivable.

4. If more than one deductible applies to loss or damage in any one occurrence, we will apply each deductible separately. But the total of all deductible amounts applied in any one occurrence will not exceed the largest applicable deductible.

E. PROPERTY LOSS CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property, the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the amount of Net Income and operating expense or the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties in the Event of Loss or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken. This duty does not ap-

BUSINESSOWNERS

ply to loss or damage arising from "employee dishonesty" and "forgery" or alteration.

(2) Give us prompt notice of the loss or damage. Include a description of the property involved.

(3) As soon as possible, give us a description of how, when and where the loss or damage occurred.

(4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

(5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.

(6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

(7) For loss or damage from other than "employee dishonesty" or "forgery" or alteration send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

(8) For loss or damage resulting from "employee dishonesty" or "forgery" or alteration, give us a detailed, sworn proof of loss within 120 days after you discover a loss or situation that

may result in loss of or damage to Covered Property.

(9) Cooperate with us in the investigation and settlement of the claim.

(10) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment – Building and Personal Property

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to Paragraph b. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraph b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of Paragraph e. below or any applicable provision which amends or supersedes these valuation conditions.

b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Ordinance or Law Additional Coverage.

c. We will give notice of our intentions within 30 days after we receive the proof of loss.

d. We will not pay you more than your financial interest in the Covered Property.

BUSINESSOWNERS

e. We will determine the value of Covered Property in the event of covered loss or damage as follows:

(1) At replacement cost (without deduction for depreciation), except as provided in Paragraphs **(2)** through **(18)** below.

(a) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(b) We will not pay on a replacement cost basis for any loss or damage:

(i) Until the lost or damaged property is actually repaired or replaced; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also applies:

a) If the conditions in Paragraphs **(i)** and **(ii)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth under Paragraph **e.(7)** below; and

b) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

(c) We will not pay more for loss or damage on a replacement cost basis than the least of Paragraphs **(i)**, **(ii)** or **(iii)** subject to Paragraph **(d)** below:

(i) The Limit of Insurance applicable to the lost or damaged property;

(ii) The cost to replace the lost or damaged property with other property:

a) Of comparable material and quality; and

b) Used for the same purpose; or

(iii) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in Paragraph **(ii)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

(d) The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

(2) If the Declarations indicate that Actual Cash Value applies to Buildings or Business Personal Property, Paragraph **(1)** above does not apply to the property for which Actual Cash Value is indicated.

(3) Personal Property of others at the amount for which you are liable plus the cost of labor, materials or services furnished or arranged by you on personal property of others, not to exceed the replacement cost.

(4) The following property at actual cash value:

(a) Used or second-hand merchandise held in storage or for sale;

(b) Household furnishings; and

(c) Personal effects.

(5) "Fine Arts" as follows:

(a) If there is a schedule of "fine arts" on file which includes a description and value of the lost or damaged item, we will pay the value as stated in the schedule for that

BUSINESSOWNERS:

item if there is a total loss to that item. If there is a partial loss to an item, we will pay the cost of reasonably restoring or repairing that item.

- (b) For "fine arts" without a schedule on file as described in Paragraph (a) above, the value of "fine arts" will be the least of the following amounts:

- (i) Market value of the lost or damaged item at the time and place of loss;
- (ii) The cost of reasonably restoring the lost or damaged item; or
- (iii) The cost of replacing that lost or damaged item with property substantially the same.

- (6) Glass at the cost of replacement with safety glazing material if required by law.

- (7) Tenants' Improvements and Betterments at:

- (a) Replacement cost if you make repairs promptly.
- (b) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (ii) Divide the amount determined in Paragraph (i) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing, if others pay for repairs or replacement.

- (8) "Valuable Papers and Records" at the cost of restoration or replacement. To the extent that the contents of the "valuable papers and records"

are not restored or replaced, the "valuable papers and records" will be valued at the cost of replacement with blank material of substantially identical type.

- (9) "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

- (10) Property in transit (other than "stock" you have sold) at the amount of invoice, including your prepaid or advanced freight charges and other charges which may have accrued or become legally due from you since the shipment. If you have no invoice, actual cash value will apply.

- (11) "Money" at its face value.

- (12) "Securities" at their value at the close of business on the day the loss is discovered.

- (13) Accounts Receivable as follows:

- (a) If you cannot accurately establish the amount of Accounts Receivable outstanding as of the time of loss, we will:

- (i) Determine the total of the average monthly amounts of Accounts Receivable for the 12 months immediately preceding the month in which the loss occurs; and
- (ii) Adjust that total for any normal fluctuations in the amount for Accounts Receivable for the month in which the loss occurred or for any demonstrated variance from the average for that month.

- (b) If you can accurately establish the amount of Accounts Receivable outstanding, that amount will be used in the determination of loss.

- (c) The following will be deducted from the total amount of Accounts Receivable, however that amount is established:

- (i) The amount of the accounts for which there was no loss;

BUSINESSOWNERS

- (ii) The amount of the accounts that you are able to re-establish or collect;
 - (iii) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (iv) All unearned interest and service charges.
- (14) "Electronic Data Processing Equipment" at replacement cost as of the time and place of loss, without deduction for physical deterioration, depreciation, obsolescence or depletion. However, in the event replacement of "Electronic Data Processing Equipment" with identical property is impossible, the replacement cost will be the cost of items that are similar to the damaged or destroyed equipment and intended to perform the same function, but which may include technological advances.
- "Electronic Data Processing Equipment" that is obsolete or no longer used by you will be valued at actual cash value.
- (15) "Electronic Data Processing Data and Media" for which duplicates do not exist will be valued as follows:
- (a) The cost of blank media; and
 - (b) Your cost to research, replace or restore the lost electronic data on lost, damaged or destroyed "Electronic Data Processing Data and Media" but only if the lost electronic data is actually replaced or restored.
- (16) Duplicate "Electronic Data Processing Data and Media" at the cost of:
- (a) Blank media; and
 - (b) Labor to copy the electronic data, but only if the electronic data is actually copied.
- (17) The value of United States Government Internal Revenue taxes and custom duties and refundable state and local taxes paid or fully determined on the following property held for sale will not be considered in de-

termining the value of Covered Property:

- (a) Distilled spirits;
 - (b) Wines;
 - (c) Rectified products; or
 - (d) Beer.
- (18) Lottery tickets at their initial cost to you except for winning tickets at their redeemed value.
- f. Our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property, if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
 - g. We have the right but not the duty to defend you against suits arising from claims of owners of property. We will do so at our expense.
 - h. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss provided you have complied with all of the terms of this policy; and
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.
 - i. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.
5. **Loss Payment – Business Income and Extra Expense**
- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage occurred, but not including any likely increase in Net Income attributable to

BUSINESSOWNERS

an increase in the volume of business as a result of favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;

- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All reasonable and necessary expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) All reasonable and necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- c. We will reduce the amount of your:
 - (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including "stock") at

the described premises or elsewhere; or

- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.

d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

e. We will pay for covered loss or damage within 30 days after we receive your sworn proof of loss provided you have complied with all of the terms of this policy; and

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

6. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay the recovery expenses and the expenses to repair the recovered property, subject to the applicable Limit of Insurance.

7. Noncumulative Limit

No Limit of Insurance cumulates from policy period to policy period.

F. COMMERCIAL PROPERTY CONDITIONS**1. Concealment, Misrepresentation or Fraud**

This Coverage Form is void in any case of fraud by you. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This Coverage Form;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Form.

2. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Form at any one or more premises will not affect coverage at any premises where, at the time of loss or damage, the breach of condition does not exist.

BUSINESSOWNERS**3. Insurance Under Two or More Coverages**

If two or more coverages under this Coverage Form apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

4. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form unless:

- a. There has been full compliance with all of the terms of this Coverage Form; and
- b. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

5. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Form without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Form.

6. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property, will benefit from this insurance.

7. Other Insurance

- a. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Form. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Form bears to the Limits of Insurance of all insurance covering on the same basis.
- b. If there is other insurance covering the same loss or damage, other than that described in Paragraph a. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

8. Policy Period, Coverage Territory

Under this Coverage Form:

- a. We cover loss or damage you sustain through acts committed or events occurring:
 - (1) During the policy period shown in the Declarations; and

- (2) Within the coverage territory; and

- b. The coverage territory is:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

9. Transfer of Rights of Recovery Against Others to Us.

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property or Covered Income; or
- b. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance;
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant.

This will not restrict your insurance.

10. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss multiplied by the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of the covered loss, before the application of

BUSINESSOWNERS

any deductible, by the figure determined in step (2); and

- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance, whichever is less.

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Under insurance):

When:

The value of the property is	\$250,000
The Coinsurance percent for it is	90%
The Limit of Insurance for it is	\$112,500
The Deductible is	\$250
The amount of loss is	\$40,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$112,500 / \$225,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:

The value of the property is	\$250,000
The Coinsurance percentage for it is	90%
The Limit of Insurance for it is	\$225,000
The Deductible is	\$250
The amount of loss is	\$40,000

The minimum amount of insurance to meet your Coinsurance requirement is $\$225,000 (\$250,000 \times 90\%)$.

Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. Coinsurance does not apply to:

- (1) "Money" and "securities";

- (2) Additional Coverages;

- (3) Coverage Extensions; or

- (4) Loss or damage in any one occurrence totaling less than \$2,500.

11. Mortgageholders

- a. The term, mortgageholder, includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Form, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1) Pays any premium due under this Coverage Form at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership or occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Form will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Form:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's rights to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued in-

BUSINESSOWNERS

interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. PROPERTY DEFINITIONS

1. "Banking Premises" means the interior of that portion of any building which is occupied by a banking institution or similar safe depository.

2. "Breakdown"

a. Means:

- (1) Failure of pressure or vacuum equipment;
- (2) Mechanical failure, including rupture or bursting caused by centrifugal force; or
- (3) Electrical failure including arcing; that causes physical damage to "covered equipment" and necessitates its repair or replacement; and

b. Does not mean:

- (1) Malfunction, including but not limited to adjustment, alignment, calibration, cleaning or modification;
- (2) Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
- (3) Damage to any vacuum tube, gas tube, or brush;
- (4) Damage to any structure or foundation supporting the "covered equipment" or any of its parts;
- (5) The functioning of any safety or protective device; or

(6) The cracking of any part on any internal combustion gas turbine exposed to the products of combustion.

3. "Communication Supply Services"

a. Means property supplying communication services, including telephone, radio, microwave or television services, to the described premises, such as:

- (1) Communication transmission lines, including fiber optic transmission lines;
- (2) Coaxial cables; and
- (3) Microwave radio relays, except satellites; and

b. Does not mean overhead transmission lines.

4. "Covered Equipment"

a. Means the following types of equipment:

- (1) Equipment designed and built to operate under internal pressure or vacuum other than weight of contents;
- (2) Electrical or mechanical equipment that is used in the generation, transmission or utilization of energy;
- (3) Fiber optic cable; and
- (4) Hoists and cranes;

b. Does not mean any:

- (1) "Electronic Data Processing Equipment";
- (2) "Electronic Data Processing Data and Media";
- (3) Part of pressure or vacuum equipment that is not under internal pressure of its contents or internal vacuum;
- (4) Insulating or refractory material;
- (5) Pressure vessels and piping that are buried below ground and require the excavation of materials to inspect, remove, repair or replace;
- (6) Structure, foundation, cabinet or compartment supporting or containing the "covered equipment" or part of the "covered equipment" including penstock, draft tube or well casing;
- (7) Vehicle, aircraft, self-propelled equipment or floating vessel, including any

BUSINESSOWNERS

equipment mounted on or used solely with any vehicle, aircraft, self-propelled equipment or floating vessel;

(8) Elevator or escalator, but not excluding any electrical machine or apparatus mounted on or used with this equipment; or

(9) Equipment or any part of such equipment manufactured by you for sale.

5. "Diagnostic Equipment" means any:

a. Equipment; or

b. Apparatus;

used solely for research, diagnostic, medical, surgical, therapeutic, dental or pathological purposes.

6. "Electronic Data Processing Data and Media"

a. Means any of the following used in your computer operations:

(1) Data stored as or on, created or used on, or transmitted to or from computer software (including systems and applications) on electronic data processing, recording or storage media such as hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment;

(2) The electronic media on which the data is stored; and

(3) Programming records and instructions used for "Electronic Data Processing Equipment"; and

b. Does not mean "Valuable Papers and Records".

7. "Electronic Data Processing Equipment"

a. Means any of the following equipment used in your operations:

(1) Electronic data processing equipment, facsimile machines, word processors, multi-functional telephone equipment and laptop and portable computers; and

(2) Any component parts and peripherals of such equipment, including related surge protection devices; and

b. Does not mean equipment used to operate production type of:

(1) Machinery; or

(2) Equipment.

8. "Electronic Vandalism" means any acts by persons, other than "employees", involving any of the following:

a. Willful or malicious destruction of computer programs, content, instructions or other electronic or digital data stored within computer systems; or

b. Unauthorized computer code or programming that:

(1) Deletes, distorts, corrupts or manipulates computer programs, contents, instructions or other electronic or digital data, or otherwise results in damage to computers or computer systems or networks to which is introduced;

(2) Replicates itself, impairing the performance of computers or computer systems or networks; or

(3) Gains remote control access to data and programming within computers or computers systems or networks to which it is introduced, for uses other than those intended for authorized users of the computers or computer systems or networks.

9. "Employee(s)"

a. Means:

(1) Any natural person:

(a) While in your service (and for 30 days after termination of service);

(b) Whom you compensate directly by salary, wages or commissions; and

(c) Whom you have the right to direct and control while performing services for you;

(2) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises; or

BUSINESSOWNERS

- (3) Your directors or trustees while acting as a member of any of your elected or appointed committees to perform on your behalf specific, as distinguished from general, directorial acts; and
- b. Does not mean any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character.
10. **"Employee Dishonesty"** means only dishonest acts, committed by an "employee", whether identified or not, acting alone or in collusion with other persons, except you, a partner, a "member", or a "manager" with the manifest intent to:
- Cause you to sustain loss; and also
 - Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
- The "employee"; or
 - Any person or organization intended by the "employee" to receive that benefit.
11. **"Fine Arts"**
- Means paintings, etchings, pictures, tapestries, art glass windows, valuable rugs, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelains, rare glass, bric-a-brac, and similar property with historical value, or artistic merit; and
 - Does not mean any glass that is part of a building or structure.
12. **"Forgery"** means the signing of the name of another person or organization with intent to deceive. "Forgery" does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity for any purpose.
13. **"Interior of any building or structure"** means all portions of the building or structure that are within the exterior facing surface material of the building or structure.
14. **"Maintenance Fees"** means the regular payment made to you by unit-owners and used to service the common property.
15. **"Manager"** means a person serving in a directorial capacity for a limited liability company.
16. **"Member"** means an owner of a limited liability company represented by its membership interest, who also may service as a "manager".
17. **"Money"** means currency and coins in current use, bank notes, travelers checks, register checks and money orders held for sale to the public.
18. **"Operations"** means your business activities occurring at the described premises and the tenantability of the described premises.
19. **"Period of Restoration"**
- Means the period of time that:
 - Begins:
 - For Business Income coverage:
 - With the date of direct physical loss or damage, if the Declarations show Immediately for Period of Restoration - Time Period; or
 - 72 hours after the time of direct physical loss or damage, if the Declarations show 72 hours for Period of Restoration - Time Period; or
 - For Extra Expense coverage with the date of direct physical loss or damage;

caused by or resulting from any Covered Cause of Loss at the described premises; and
 - Ends on the earlier of:
 - The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - The date when business is resumed at a new permanent location; and
 - Does not mean any increased period required due to the enforcement of any law that:
 - Regulates the construction, use or repair, or requires the tearing down of any property; or

BUSINESSOWNERS

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

20. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, waste, and any unhealthful or hazardous building materials (including but not limited to asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

21. "Power Generating Equipment"

- a. Means the following types of equipment or apparatus:

- (1) Pressure;
- (2) Mechanical; or
- (3) Electrical;

used in or associated with the generation of electric power; and

- b. Does not mean such equipment that is used solely to generate emergency power that is less than or equal to 1000KW.

22. "Power Supply Services"

- a. Means the following types of property supplying electricity, steam or gas to the described premises:

- (1) Utility generating plants;
- (2) Switching stations;
- (3) Substations;
- (4) Transformers; and
- (5) Transmission lines; and

- b. Does not mean overhead transmission lines.

23. "Production Equipment"

- a. Means any:
- (1) Production machinery; or
 - (2) Process machinery;
- that processes, shapes, forms or grinds:
- (1) Raw materials;
 - (2) Materials in process; or
 - (3) Finished products; and

- b. Includes "covered equipment" that is used solely with or forms an integral part of the:

- (1) Production;
- (2) Process; or
- (3) Apparatus.

24. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including the fair rental value of any portion of the described premises which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

25. "Securities" means all negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes revenue or other stamps in current use; tokens, tickets and credit card slips for sales made by you and held by you for reimbursement from companies issuing credit cards, but does not include "money". Lottery tickets held for sale are not securities.

26. "Specified Causes of Loss" means the following:

Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

- a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into underground man-made cavities.

BUSINESSOWNERS

- b. Falling objects does not include loss of or damage to:
 - (1) Personal Property in the open; or
 - (2) The "interior of a building or structure", or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
 - c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) that is located on the described premises and contains water or steam.
27. **"Stock"** means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
28. **"Suspension"** means:
- a. The partial or complete cessation of your business activities; or
 - b. That a part or all of the described premises is rendered untenable.
29. **"Theft"** means any act of stealing.
30. **"Vacant"** means the following:
- (1) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the ten-

ant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

- (2) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

- (a) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; or
- (b) Used by the building owner to conduct customary operations.

31. "Valuable Papers and Records"

- a. Means inscribed, printed or written:
 - (1) Documents;
 - (2) Manuscripts; or
 - (3) Records;
 including abstracts, books, deeds, drawings, films, maps or mortgages; and
- b. Does not mean "money" or "securities" or "Electronic Data Processing Data and Media".

32. "Water Supply Services" means the following types of property supplying water to the described premises:

- a. Pumping stations; and
- b. Water mains.

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDATORY PROVISIONS – OFFICES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. The following is added to Paragraph A.2.:

a. Radium

2. The following is added to Paragraph A.7.1.:

a. Physicians and Dentists Personal Property Away From Premises

With respect to medical, surgical, and dental equipment and instruments (including tools, materials, supplies and scientific books) owned and used by you in the medical or dental profession and, at your option, such property belonging to others and used in your profession, this insurance applies while such property is away from the described premises.

3. The following is added to Paragraph A.7.:

a. Communication Supply Services – Time Element

(1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the loss of

Business Income or Extra Expense caused by the interruption of service to the described premises. The interruption must result from direct physical loss of or damage to "Communication Supply Services" not on the described premises caused by or resulting from a Covered Cause of Loss.

(2) We will pay the actual loss sustained from the initial time of service(s) failure at the described premises but only when the service interruption at the described premises exceeds 24 hours immediately following the direct physical loss or damage. Coverage does not apply to any reduction of income after service has been restored to your premises.

(3) With respect to this Coverage Extension, Paragraph G.3.b. is deleted.

(4) The most we will pay for loss under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA – AMENDATORY PROVISIONS

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. The limit applicable to the **Additional Coverage – Arson and Theft Reward** is increased from \$5,000 to \$10,000.
2. The limit applicable to the **Additional Coverage – Expediting Expenses** is increased from \$25,000 to \$30,000.
3. The limit applicable to the **Additional Coverage – Fire Department Service Charge** is increased from \$25,000 to \$30,000.
4. The limit applicable to the **Additional Coverage – Fire Protective Equipment Discharge** is increased from \$10,000 to \$15,000.
5. The limit applicable to the **Additional Coverage – Temporary Relocation of Property** is increased from \$50,000 to \$75,000.
6. The following **Additional Coverages** are added:

a. Contract Penalty Clause

- (1) We will pay contract penalties you incur as a result of your failure to deliver your products or services within the time required by such contract, if the failure is solely due to direct physical loss of or damage to property at the described premises caused by or resulting from a Covered Cause of Loss.
- (2) The most we will pay under this Additional Coverage is \$1,000 for the sum of all covered contract penalties arising out of all Covered Causes of Loss occurring during each separate 12 month period of this policy beginning with the effective date of this endorsement.

b. Lease Assessment

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at any described premises, we will pay for your share of any assessment charged:

- (a) To all tenants by the building owner;
- (b) Pursuant to a written lease agreement; and
- (c) As a result of direct physical loss or damage by a Covered Cause of Loss to building property you occupy.

- (2) The most we will pay for loss under this Additional Coverage is \$2,500 in any one occurrence.

c. Lost Key Consequential Loss

- (1) We will pay for consequential loss to keys and locks if a master or grand master key is lost or damaged from a Covered Cause of Loss. We will pay for:
 - (a) The actual cost of keys, and
 - (b) Adjustment of locks to accept new keys, or
 - (c) If required, new locks including cost of their installation.
- (2) Loss or damage must be caused by or result from a Covered Cause of Loss including mysterious disappearance.
- (3) The most we will pay for loss or damage under this Additional Coverage is \$500 at each described premises.

d. Overseas Business Travel

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, we will pay for direct physical loss or damage by a Covered Cause of Loss to business personal property while in the custody of any officer or "employee" of the insured while temporarily traveling outside of the United States of America (including its territories and possessions), Puerto Rico and Canada.

BUSINESSOWNERS

(2) This Additional Coverage does not apply to property:

(a) Otherwise covered under the Overseas Fine Arts Additional Coverage; or

(b) Otherwise covered under the following Coverage Extensions:

(i) Electronic Data Processing; or

(ii) Overseas Valuable Papers and Records.

(3) The most we will pay for loss under this Additional Coverage is \$10,000 in any one occurrence.

e. Utility Services – Direct Damage

(1) We will pay for loss of or damage to Covered Property caused by the interruption of services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

(a) "Water Supply Services";

(b) "Communication Supply Services"; or

(c) "Power Supply Services".

(2) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$2,500 at each described premises.

(3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

f. Water or Sewage Back Up and Sump Overflow

(1) We will pay for direct physical loss of or damage to Covered Property at the described premises caused by or resulting from water or sewage that backs up or overflows from a sewer, drain or sump.

(2) Paragraph B.1.g.(3) does not apply to this Additional Coverage.

(3) With respect to otherwise covered Business Income and Extra Expense, the causes of loss described in Paragraph (1) above will not be considered Covered Causes of Loss.

(4) The most we will pay under this Additional Coverage in any one occurrence is \$5,000, regardless of the number of premises involved.

7. The following Coverage Extensions are changed as follows:

a. The limit applicable to the **Coverage Extension-Appurtenant Buildings and Structures** is increased from \$50,000 to \$100,000.

b. The limit applicable to the **Coverage Extension-Non-Owned Detached Trailers** is increased from \$5,000 to \$7,500.

c. The limit applicable to the **Coverage Extension-Outdoor Property** is increased from \$10,000 to \$15,000.

d. The limit applicable to the **Coverage Extension-Personal Effects** is increased from \$25,000 to \$30,000.

POLICY NUMBER: I-680-5D327378-ACJ-13

BUSINESSOWNERS

ISSUE DATE: 08-14-13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**PROTECTIVE SAFEGUARDS ENDORSEMENT FOR
SPRINKLERED LOCATIONS AND RESTAURANTS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE PART

SCHEDULE*

Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable	Prem. No.	Bldg. No.	Protective Safeguards Symbols Applicable
01	01	P1			
02	01	P1			

1. The following is added to the:BUSINESSOWNERS PROPERTY COVERAGE
SPECIAL FORMBUSINESSOWNERS PROPERTY COVERAGE
STANDARD FORM**PROTECTIVE SAFEGUARDS**

- a. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.

- b. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- (1) Any automatic fire protective or extinguishing system, including connected:

- (a) Sprinklers and discharge nozzles;

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations

BUSINESSOWNERS

- (b) Ducts, pipes, valves and fittings;
 - (c) Tanks, their component parts and supports; and
 - (d) Pumps and private fire protection mains.
- (2) When supplied from an automatic fire protective system:
- (a) Non-automatic fire protective systems; and
 - (b) Hydrants, standpipes and outlets.

"P-9" Protective system covering cooking surface as described in application for insurance on file with the company

2. The following is added to the EXCLUSION section of:

**BUSINESSOWNERS PROPERTY COVERAGE
SPECIAL FORM
BUSINESSOWNERS PROPERTY COVERAGE
STANDARD FORM**

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

- a. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
- b. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TERRORISM RISK INSURANCE ACT OF 2002 DISCLOSURE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE PART

On December 26, 2007, the President of the United States signed into law amendments to the Terrorism Risk Insurance Act of 2002 (the "Act"), which, among other things, extend the Act and expand its scope. The Act establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in the Act) caused by "acts of terrorism". An "act of terrorism" is defined in Section 102(l) of the Act to mean any act that is certified by the Secretary of the Treasury – in concurrence with the Secretary of State and the Attorney General of the United States – to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The federal government's share of compensation for Insured Losses is 85% of the amount of Insured

Losses in excess of each Insurer's statutorily established deductible, subject to the "Program Trigger", (as defined in the Act). In no event, however, will the federal government or any Insurer be required to pay any portion of the amount of aggregate Insured Losses occurring in any one year that exceeds \$100,000,000,000, provided that such Insurer has met its deductible. If aggregate Insured Losses exceed \$100,000,000,000 in any one year, your coverage may therefore be reduced.

The charge for Insured Losses under this Coverage Part is included in the Coverage Part premium. The charge that has been included for this Coverage Part is indicated below, and does not include any charge for the portion of losses covered by the Federal Government under the Act:

- 4% of your total Businessowners Coverage Part premium if your primary location is in a Designated City (as listed below).
- 2% of your total Businessowners Coverage Part premium if your primary location is not in a Designated City (as listed below).

Designated Cities are:			
Albuquerque, NM	El Paso, TX	Miami, FL	San Diego, CA
Atlanta, GA	Fort Worth, TX	Milwaukee, WI	San Antonio, TX
Austin, TX	Fresno, CA	Minneapolis, MN	San Francisco, CA
Baltimore, MD	Honolulu, HI	Nashville-Davidson, TN	San Jose, CA
Boston, MA	Houston, TX	New Orleans, LA	Seattle, WA
Charlotte, NC	Indianapolis, IN	New York, NY	St. Louis, MO
Chicago, IL	Jacksonville, FL	Oakland, CA	Tucson, AZ
Cleveland, OH	Kansas City, MO	Oklahoma City, OK	Tulsa, OK
Colorado Springs, CO	Las Vegas, NV	Omaha, NE	Virginia Beach, VA
Columbus, OH	Long Beach, CA	Philadelphia, PA	Washington, DC
Dallas, TX	Los Angeles, CA	Phoenix, AZ	Wichita, KS
Denver, CO	Memphis, TN	Portland, OR	
Detroit, MI	Mesa, AZ	Sacramento, CA	

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EQUIPMENT BREAKDOWN – SERVICE INTERRUPTION LIMITATION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. The following is added to Paragraph **A.7. Coverage Extensions I. Equipment Breakdown:**

(9) With respect to Service Interruption coverage, we will not pay under this Coverage Extension for loss or damage caused by or resulting from any of the following:

- (a)** Fire;
- (b)** Lightning;
- (c)** Windstorm or hail;

(d) Explosion (except for steam or centrifugal explosion);

(e) Smoke;

(f) Aircraft or vehicles;

(g) Riot or civil commotion;

(h) Vandalism;

(i) Sprinkler Leakage;

(j) Falling objects;

(k) Weight of snow, ice or sleet;

(l) Freezing; or

(m) Collapse.

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDATORY PROVISIONS – GREEN BUILDING AND
BUSINESS PERSONAL PROPERTY COVERAGE
ENHANCEMENTS**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. DEFINITIONS

As used in this endorsement:

1. **"Green"** means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
2. **"Green Authority"** means a recognized authority on green building or green products, materials or processes.

B. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. The following **Additional Coverages** are added:

a. Green Building Alternatives – Increased Cost

- (1) If direct physical loss or damage by a Covered Cause of Loss occurs to a building that is covered property, we will pay for:

- (a) The reasonable additional cost you incur to repair or replace the lost or damaged portions of the building using products or materials that:

- (i) Are "green" alternatives to the products or materials of the lost or damaged property, in accordance with the documented standards of a "Green Authority"; and

- (ii) Are otherwise of comparable quality and function to the damaged property;

and

- (b) The reasonable additional cost you incur to employ "green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the lost or damaged building, in accordance with the documented standards of a "Green Authority".

- (2) The insurance provided under this Additional Coverage applies only if replacement cost valuation applies to the lost or damaged building and then only if the building is actually repaired or replaced as soon as reasonably possible after the loss or damage.

- (3) The insurance provided under this Additional Coverage does not apply to any building that has been "vacant" for more than 60 consecutive days before the loss or damage occurs.

- (4) The most we will pay for the additional cost incurred with respect to each building in any one occurrence under this Additional Coverage is determined by:

- (a) Multiplying 5%; times

- (b) The amount we would otherwise pay for the direct physical loss of or damage to the building, prior to application of any applicable deductible.

- (5) However, the most we will pay for the additional cost incurred in any one occurrence, regardless of the number of buildings involved, is \$25,000.

BUSINESSOWNERS

b. Green Building Reengineering and Recertification Expense

(1) If, as a result of direct physical loss or damage by a Covered Cause of Loss to a building that is Covered Property, the pre-loss level of "green" building certification by a "Green Authority" on the building is lost, we will pay for the following reasonable additional expenses you incur to re-attain the pre-loss level of "green" building certification from that "Green Authority":

(a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:

(i) Designing, overseeing or documenting the repair or replacement of the lost or damaged building; or

(ii) Testing and recalibrating the systems and mechanicals of the lost or damaged building to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer;

and

(b) The reasonable registration and recertification fees charged by the "Green Authority".

(2) This Additional Coverage applies to the additional expenses described above that you incur to achieve the pre-loss level of "green" building certification in accordance with the standards of the "Green Authority" that exist at the time of repair or replacement, even if the standards have changed since the original certification was achieved.

(3) The insurance provided under this Additional Coverage does not apply to any building that has been "vacant" for more than 60 consecutive days before the loss or damage occurs.

(4) The most we will pay in any one occurrence under this Additional Coverage for:

(a) All expenses incurred with respect to each building is 5% of the sum of:

(i) The amount we pay for the direct physical loss of or damage to the building, including any amount paid under the Green Building Alternatives – Increased Cost Additional Coverage; and

(ii) The deductible amount applied to the loss payment for direct physical loss or damage to the building;

(b) All expenses incurred, regardless of the number of buildings involved, is \$25,000.

2. The following Coverage Extensions are added:

a. Green Building and Business Personal Property Alternatives – Increased Period of Restoration

(1) If:

(a) Direct physical loss or damage by a Covered Cause of Loss occurs to a building at the described premises or Business Personal Property at the described premises to which the Green Business Personal Property Alternatives – Increased Cost Coverage Extension applies; and

(b) The Declarations show that you have coverage for Business Income and Extra Expense;

you may extend that insurance to include the amount of actual loss of Business Income you sustain and reasonable and necessary Extra Expense you incur during the increase in the "period of restoration" that is reasonably necessary to:

(i) Repair or replace the lost or damaged portions of the building or Business Personal Property (as described in Green Business Personal

BUSINESSOWNERS

Property Alternatives – Increased Cost Coverage Extension) using products or materials that:

- a) Are "green" alternatives to the products or materials of the lost or damaged property, in accordance with the documented standards of a "Green Authority"; and
- b) Are otherwise of comparable quality and function to the damaged property;

and

- (ii) Employ "green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the lost or damaged building or Business Personal Property (as described in Green Business Personal Property Alternatives – Increased Cost Coverage Extension), in accordance with the documented standards of a "Green Authority";

subject to a maximum of 30 additional days from the date the "period of restoration" would otherwise have ended.

- (2) This Coverage Extension is included in, and does not increase, the amount of coverage available based on the applicable Business Income and Extra Expense provision shown in the Declarations.

b. Green Business Personal Property Alternatives – Increased Cost

(1) If:

- (a) The Declarations show that you have coverage for Business Personal Property; and
- (b) Direct physical loss or damage by a Covered Cause of Loss occurs to covered Business Personal Property at the described premises; and

- (c) Such loss or damage requires replacement of such property, or with respect to improvements and betterments, requires repair or replacement;

you may extend that insurance to apply to the reasonable additional cost you incur to replace the lost or damaged Business Personal Property, or with respect to improvements and betterments, to repair or replace the lost or damaged portions of such improvements and betterments, using products or materials that:

- (i) Are "green" alternatives to the products or materials of the lost or damaged property, in accordance with the documented standards of a "Green Authority"; and
- (ii) Are otherwise of comparable quality and function to the damaged property.

- (2) With respect to improvements and betterments you may also extend that insurance to apply to the reasonable additional cost you incur to employ "green" methods or processes of construction, disposal or recycling in the course of the repair and replacement of the lost or damaged building, in accordance with the documented standards of a "Green Authority".

- (3) The Insurance provided under this Coverage Extension applies only if replacement cost valuation applies to the lost or damaged property and then only if the property is actually repaired or replaced as soon as reasonably possible after the loss or damage.

- (4) This Coverage Extension does not apply to "stock" or property of others that is in your care, custody or control.

- (5) The insurance provided under this Coverage Extension does not apply to Business Personal Property at any building that has been "vacant" for more than 60 consecutive days before the loss or damage occurs.

BUSINESSOWNERS

- (6) The most we will pay in any one occurrence under this Coverage Extension for the increased cost incurred with respect to the damaged property to which this Coverage Extension applies is determined by:
 - (a) Multiplying 5%; times
 - (b) The amount we would otherwise pay for the direct physical loss of or damage to the business personal property, prior to application of any applicable deductible.
 - (7) However, the most we will pay for the additional cost incurred in any one occurrence, regardless of the number of described premises involved, is \$25,000.
 3. The following provision is added to the Loss Payment Loss Condition in Section E.4. :
Except as specifically provided under the:
 - a. Green Building Alternatives – Increased Cost Additional Coverage; and
 - b. Green Building Reengineering and Re-certification Expense Additional Coverage; and
 - c. Green Business Personal Property Alternatives – Increased Cost Coverage Extension;the cost to repair, rebuild or replace does not include any increased cost incurred to re-attain a pre-loss level of "green" building certification from a "Green Authority".
 4. This endorsement does not apply to property covered under the Newly Acquired or Constructed Property Additional Coverage.
 5. With respect to the Additional Coverages and Coverage Extensions of this endorsement we will not pay for any Business Income or Extra Expense loss caused by or resulting from obtaining "green" building certification from a "Green Authority". However, this does not apply to any increase in the "period of restoration" required to re-attain a pre-loss level of "green" building certification from a "Green Authority" as otherwise covered under the Green Building and Business Personal Property Alternatives – Increased Period of Restoration Coverage Extension.
 6. Under the **DEFINITIONS** in **Section G**, the following is added to the definition of "period of restoration":
"Period of restoration" does not include any increased period required to re-attain a pre-loss level of "green" building certification from a "Green Authority". But this does not apply to any increase in the "period of restoration" otherwise covered under the Green Building and Business Personal Property Alternatives – Increased Period of Restoration Coverage Extension.

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MEDICAL AND DENTAL OFFICE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. With respect to Business Income and Extra Expense, the time frame referenced in Paragraph **A.3.c.(2)(b)** is increased from sixty consecutive days to ninety consecutive days.

2. Paragraph **A.5.c.(2)** is replaced by the following:

(2) \$5,000 for all jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones. This limit does not apply to jewelry and watches worth \$500 or less per item.

3. The following is added to Paragraph **A.5.c.:**

(4) \$25,000 for all bullion, gold, silver, platinum and other precious alloys or metals.

4. The limit applicable to the **Additional Coverage – Claim Data Expense** is increased from \$5,000 to \$10,000.

5. The limit applicable to the **Additional Coverage – Newly Acquired or Constructed Property** for Business Personal Property is increased from \$250,000 to \$500,000.

6. The limit applicable to the **Additional Coverage – Outdoor Trees, Shrubs, Plants and Lawns** is increased from \$3,000 to \$5,000.

7. With respect to the **Additional Coverage – Ordinance or Law**, coverage is extended to include tenant's improvements and betterments as described in Paragraph **A.1.b.(3)** if:

a. You are a tenant; and

b. A Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises.

8. The following **Additional Coverages** are added:

a. Brands or Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or

part of the property at an agreed or appraised value. If so, you may:

(1) Stamp the word "Salvage" on the merchandise or its containers, if the stamp will not physically damage the merchandise; or

(2) Remove the brands and labels, if doing so will not physically damage the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in Paragraphs (1) and (2) above. The most we will pay for these costs and the value of the damaged property under this Additional Coverage is \$25,000.

Payments under this Additional Coverage are subject to and not in addition to the Limits of Insurance.

b. Identity Fraud Expense

(1) We will pay for Expenses incurred by an Insured Person as a direct result of any one Identity Fraud first discovered or learned of by such Insured Person during the policy period.

Any act or series of acts committed by one or more persons, or in which such person or persons are aiding or abetting others against an Insured Person, is considered to be one Identity Fraud, even if a series of acts continues into a subsequent policy period.

(2) With respect to this Additional Coverage:

(a) Expenses means:

(i) Costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;

BUSINESSOWNERS

- (II) Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
- (III) Lost income resulting from:
 - a) Time taken off work to complete fraud affidavits; or
 - b) Meeting with or talking to law enforcement agencies, credit agencies or legal counsel;
 up to a total payment of \$5000, subject to a maximum of \$200 per day;
- (IV) Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
- (V) Reasonable attorney fees to:
 - a) Defend lawsuits brought against an Insured Person by merchants, financial institutions or their collection agencies;
 - b) Remove any criminal or civil judgments wrongly entered against an Insured Person; or
 - c) Challenge the accuracy or completeness of any information in a consumer credit report;
- (VI) Charges for long distance telephone calls to:
 - a) Merchants;
 - b) Law enforcement agencies;
 - c) Financial institutions or similar credit grantors; or
 - d) Credit agencies; or
- (VII) Reasonable fees for professional financial advice or professional credit advice.
- (b) Identity Fraud means:

The act of knowingly transferring or using, without lawful authority, a means of identification of an Insured Person with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law; and

(c) Insured Person means:**(I) For sole proprietorships;**

The individual who is the sole proprietor of the Named Insured shown in the Declarations;

(II) For partnerships;

Any individual that is a partner of the Named Insured shown in the Declarations;

(III) For corporations or any other type of organization;

The Chief Executive Officer, and any individual who has an ownership interest of at least 20% of the Named Insured shown in the Declarations; or

(IV) For religious institutions;

The individual who is the senior pastoral "employee" of the Named Insured shown in the Declarations.

(3) The following additional exclusions apply to this Additional Coverage:

We will not pay for:

(a) Expenses incurred due to any fraudulent, dishonest or criminal act by:**(I) An Insured Person;****(II) Any person aiding or abetting an Insured Person; or****(III) Any authorized representative of an Insured Person;**

whether acting alone or in collusion with others;

(b) Expenses incurred that are not related to the identity of an individual; or

BUSINESSOWNERS

(c) Loss other than Expenses. Account balances which arise out of fraudulent or unauthorized charges would be one example of loss other than Expenses.

(4) This Additional Coverage does not apply to Expenses otherwise covered under the Unauthorized Business Card Use Additional Coverage.

(5) Regardless of the amount of the Businessowners Property Coverage Deductible shown in the Declarations, the most we will deduct from any claim for Expenses under this Additional Coverage for any one Identity Fraud is \$250.

(6) The most we will pay under this Additional Coverage is \$15,000 for the sum of all covered Expenses arising out of all Identity Fraud against an Insured Person discovered during each separate 12 month period of this policy beginning with the effective date of this endorsement.

(7) In order for coverage to be provided under this Additional Coverage, you must:

Send to us, within 60 days after our request, receipts, bills or other records that support your claim for Expenses under Identity Fraud coverage.

c. Lost Key Consequential Loss

(1) We will pay for consequential loss to keys and locks if a master or grand master key is lost or damaged from a Covered Cause of Loss. We will pay for:

(a) The actual cost of keys, and

(b) Adjustment of locks to accept new keys, or

(c) If required, new locks including cost of their installation.

(2) Loss or damage must be caused by or result from a Covered Cause of Loss including mysterious disappearance.

(3) The most we will pay for loss or damage under this Additional Coverage is \$500 at each described premises.

d. Unauthorized Business Card Use

We will pay for your loss of "money" or charges and costs you incur that result directly from the unauthorized use of credit, debit or charge cards issued in your business name, including:

(1) Fund transfer cards;

(2) Charge plates; or

(3) Telephone cards.

The most we will pay under this Additional Coverage in any one occurrence is \$5,000.

e. Utility Services – Direct Damage

(1) We will pay for loss of or damage to Covered Property caused by the interruption of services to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

(a) "Water Supply Services";

(b) "Communication Supply Services"; or

(c) "Power Supply Services".

(2) The most we will pay for loss or damage under this Additional Coverage in any one occurrence is \$2,500 at each described premises.

(3) Payments under this Additional Coverage are subject to and not in addition to the applicable Limit of Insurance.

9. The following **Coverage Extensions** are changed as follows:

a. The limits applicable to the **Coverage Extension – Accounts Receivable** are changed as follows:

(1) The limit applicable to records of accounts receivable while in transit or at a premises other than the described premises is increased by \$250,000.

(2) The limit applicable to records of accounts receivable at each described premises is increased by \$250,000.

b. The limit applicable to the **Coverage Extension – Business Income and Extra**

BUSINESSOWNERS

Expense From Dependent Property is increased from \$10,000 to \$25,000.

- c. The limit applicable to the **Coverage Extension – Business Income and Extra Expense – Newly Acquired Premises** is increased from \$250,000 to \$500,000.

- d. Two of the limits applicable to the **Coverage Extension – Electronic Data Processing** are changed as follows:

(1) The limit applicable to "Electronic Data Processing Equipment" and to "Electronic Data Processing Data and Media" while in transit or at a premises other than the described premises is increased from \$25,000 to \$50,000.

(2) The limit applicable to loss or damage to "Electronic Data Processing Data and Media" caused by or resulting from "electronic vandalism" is increased from \$25,000 to \$50,000.

- e. The limit applicable to the **Coverage Extension – Ordinance or Law – Increased "Period of Restoration"** is increased from \$25,000 to \$50,000.

- f. The limits applicable to the **Coverage Extension – Valuable Papers and Records** are changed as follows:

(1) The limit applicable to "valuable papers and records" while in transit or at a premises other than the described premises is increased by \$100,000.

(2) The limit applicable to "valuable papers and records" at each described premises is increased by \$100,000.

- g. The following is added to the **Coverage Extension – Valuable Papers and Records**:

With respect to property of others covered under this Coverage Extension, the owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary, and not contribute with such other insurance.

10. The following **Coverage Extensions** are added:

a. Business Income – Daily Limit Option

When the Declarations show that you have coverage for Business Income and Extra Expense, you may choose to have a covered business income loss paid on a

Daily Limit basis. If you do so, the following applies under this Coverage Extension with respect to such loss:

- (1) Paragraph **A.3.a.(2)** is replaced by the following:

(2) We will pay \$1,000 for each Business Day your "operations" are necessarily "suspended" during the "period of restoration", but not for more than 15 consecutive days from the date of direct physical loss or damage. If your "operations" are necessarily "suspended" for a portion of a Business Day, we will prorate such limit by comparing the number of hours of such "suspension" to the number of hours you are normally open to conduct business. The "suspension" must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located;

- (2) With respect to this Coverage Extension, Business Day means a period of 24 hours beginning at 12:01 AM during which you conduct business;

- (3) Paragraph **A.3.d.** does not apply to this Coverage Extension; and

- (4) This option is not available for any coverage provided by the **Coverage Extension – Civil Authority**.

b. Computer Fraud

- (1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to loss of or damage to Business Personal Property resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the building

BUSINESSOWNERS

at the described premises or "banking premises":

- (a) To a person outside those premises; or
- (b) To a place outside those premises.

(2) Paragraph B.2.o. does not apply to this Coverage Extension.

(3) The most we will pay under this Coverage Extension in any one occurrence is \$10,000, regardless of the number of premises involved.

c. Limited Building Coverage – Tenant Obligation

(1) If:

- (a) You are a tenant;
- (b) A Limit of Insurance is shown in the Declarations for Business Personal Property; and
- (c) You are contractually obligated to repair or replace that part of a building you occupy as a tenant;

at the described premises, you may extend that insurance to apply to direct physical loss of or damage to that part of a building you occupy as a tenant caused by or resulting from a Covered Cause of Loss other than "theft" or attempted "theft".

(2) This Coverage Extension does not apply to any otherwise covered:

- (a) Building glass; or
- (b) Tenants improvements and betterments as described in Paragraph A.1.b.(3).

(3) The most we will pay under this Coverage Extension in any one occurrence is \$10,000 at each described premises.

d. Spoilage Coverage

(1) When a Limit of Insurance is shown in the Declarations for Business Personal Property at the described premises, you may extend that insurance to apply to direct physical loss of or damage to Perishable Stock caused by or resulting from a covered cause of loss described in Paragraph (3) be-

low and not excluded in Paragraph (4) below.

(2) This Coverage Extension does not apply to Perishable Stock while located:

- (a) On buildings;
- (b) In the open; or
- (c) In vehicles.

(3) With respect to this Coverage Extension, covered cause of loss means the following:

(a) **Breakdown or Contamination**, meaning:

(i) Change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; or

(ii) Contamination by a refrigerant, only while the refrigerating apparatus or equipment is at the described premises shown in the schedule; or

(b) **Power Outage**, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

(4) The following exclusions apply to this Coverage Extension:

(a) We will not pay for loss or damage caused directly or indirectly by any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss:

(i) Manual disconnecting of any refrigeration, cooling, heating or humidity control system from the source of electric power;

(ii) Terminating of electric power due to throwing or turning off any switch or other device

BUSINESSOWNERS

usual to the shutting off of electric power, on the premises shown in the schedule above; or

(iii) Intentional decision of an electric utility company or other source of electric power not to provide sufficient power or the inability of such company or source to provide sufficient power, due to lack of fuel, governmental order or lack of generating capacity to meet the demand.

(b) Paragraph **B.1.b.** Earth Movement;

(c) Paragraph **B.1.c.** Governmental Action;

(d) Paragraph **B.1.d.** Nuclear Hazard;

(e) Paragraph **B.1.f.** War and Military Action;

(f) Paragraph **B.1.g.** Water; and

(g) Paragraph **B.1.h.** Neglect.

No other exclusions in Paragraph **B.** Exclusions apply to this Coverage Extension. However, if any exclusions are added by endorsement to this Coverage Form, such exclusions will apply to this Coverage Extension.

(5) With respect to this Coverage Extension, Perishable Stock means personal property:

(a) Maintained under controlled conditions for its preservation; and

(b) Susceptible to loss or damage if the controlled temperature or humidity conditions change.

(6) The most we will pay for loss or damage under this Coverage Extension in any one occurrence is \$50,000.

e. Utility Services – Time Element

(1) When the Declarations show that you have coverage for Business Income and Extra Expense, you may extend that insurance to apply to the loss of Business Income or Extra Expense caused by the interruption of service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to the following property not on the described premises:

(a) "Water Supply Services"; or

(b) "Power Supply Services".

(2) We will pay the actual loss sustained from the initial time of service(s) failure at the described premises but only when the service interruption at the described premises exceeds 24 hours immediately following the direct physical loss or damage. Coverage does not apply to any reduction of income after service has been restored to your premises.

(3) The most we will pay for loss under this Coverage Extension in any one occurrence is \$25,000 at each described premises.

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMIT OF INSURANCE/OCCURRENCE ENDORSEMENT – CALIFORNIA

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. With respect to the Additional Coverage – Employee Dishonesty, Paragraph A.6.d. in the BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. Paragraph (1) is replaced by the following:

- (1)** We will pay for loss of or damage to Business Personal Property resulting directly from "employee dishonesty".

We will pay only for loss or damage you sustain through acts committed or events occurring, and whether or not sustained only during the period of this policy. Regardless of the number of years this policy, or any other policy we issued to you, has been in force, and how many premiums were paid, you are not entitled to a separate limit of insurance under each policy or renewal, or for each period for which premiums were paid, or to recovery up to the sum of the limits of insurance of such policies or renewals.

2. Paragraph (7) is replaced by the following:

- (7)** With respect to this Additional Coverage, occurrence means all loss or losses caused by or involving any "employee", acting alone or in collusion with other persons, or any group of "employees" acting together, even if in collusion with other persons, whether the result of a single act or multiple acts and whether or not sustained only during the period of this policy. All acts by one "employee" acting alone or in collusion with other persons, or by any group of "employees" acting together, and whenever performed, can give rise to only one occurrence.

3. Paragraph (8) and (9) are replaced by the following:

- (8)** If you discover a loss during the period of this policy which you, or your predecessor in interest, sustained during the periods of any prior policy or policies and you, or the predecessor in interest, could have re-

covered all or part of the loss under the prior policy or policies except that the time within which to discover loss required by the prior policy or policies had expired, we will pay for the loss under this policy, provided, however, that:

- (a)** This policy would have covered the loss had this policy been in force at the time the loss was sustained; and
(b) There was no period of time from the commencement of the first such prior policy to the date the loss was discovered when you, or your predecessor in interest, did not have in force insurance to cover that type of loss.

- (9)** The insurance under Paragraph (8) is part of, not in addition to the Limit of Insurance described in Paragraph (6) above and is limited to the lesser of the amount recoverable under:

- (a)** This Additional Coverage, as of its effective date; or
(b) The prior insurance had it remained in effect.

4. The following provision is added:

Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate

If an occurrence takes place partly within the period of this policy, any Limit of Insurance applicable to such occurrence under this policy shall be reduced by any amount recoverable with respect to such occurrence under any prior policy issued by us, or by any affiliate of ours, to you, or to any affiliate of yours. The most we will pay under any circumstances is the Limit of Insurance under this policy, or the Limit of Insurance under such prior policy, whichever is larger.

B. With respect to the Additional Coverage – Forgery or Alteration, Paragraph A.6.i. in the BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

BUSINESSOWNERS:**1. Paragraph (1) is replaced by the following:**

- (1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are made or drawn by or drawn upon you, or made or drawn by one acting as an agent or purported to have been so made or drawn.

We will consider signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

We will pay only for loss or damage you sustain through acts committed or events occurring, and whether or not sustained only during the period of this policy. Regardless of the number of years this policy, or any other policy we issued to you, has been in force, and how many premiums were paid, you are not entitled to a separate limit of insurance under each policy or renewal, or for each period for which premiums were paid, or to recovery up to the sum of the limits of insurance of such policies or renewals.

2. Paragraph (6) and (7) are replaced by the following:

- (6) If you discover a loss during the period of this policy which you, or your predecessor in interest, sustained during the periods of any prior policy or policies and you, or the predecessor in interest, could have recovered all or part of the loss under the prior policy or policies except that the time within which to discover loss required by the prior policy or policies had expired, we will pay for the loss under this policy, provided, however, that:

- (a) This policy would have covered the loss had this policy been in force at the time the loss was sustained; and
- (b) There was no period of time from the commencement of the first such prior policy to the date the loss was discovered when you, or your predecessor in interest, did not have in force insurance to cover that type of loss.

- (7) The insurance under Paragraph (6) is part of, not in addition to the Limit of Insurance described in Paragraph (4) above and is limited to the lesser of the amount recoverable under:

- (a) This Additional Coverage, as of its effective date; or
- (b) The prior insurance had it remained in effect.

3. The following provision is added:**Loss Covered Under This Insurance And Prior Insurance Issued By Us Or Any Affiliate**

If an occurrence takes place partly within the period of this policy, any Limit of Insurance applicable to such occurrence under this policy shall be reduced by any amount recoverable with respect to such occurrence under any prior policy issued by us, or by any affiliate of ours, to you, or to any affiliate of yours. The most we will pay under any circumstances is the Limit of Insurance under this policy, or the Limit of Insurance under such prior policy, whichever is larger.

C. Paragraph G.9. under PROPERTY DEFINITIONS is replaced with the following:**9. "Employee"****a. Means:****(1) Any natural person:**

- (a) While in your service (and for 30 days after termination of service);
- (b) Whom you compensate directly, by salary, wages or commissions; and
- (c) Whom you have the right to direct and control while performing services for you;

(2) Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises; or**(3) Your directors or trustees while acting as a member of any of your elected or appointed committees to perform on your behalf specific as distinguished from general, directorial acts; and**

- b. Does not mean any agent, broker, person leased to you by a labor leasing firm, factor, commission merchant, consignee, independent contractor or representative of the same general character;

BUSINESSOWNERS

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES—REPLACEMENT COST

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM

A. The BUSINESSOWNERS PROPERTY COVERAGE SPECIAL FORM is changed as follows:

1. With respect to an "open policy", the following is added to any provision which uses the term actual cash value:

a. In the event of a total loss to a building or structure, actual cash value is calculated as the Limit of Insurance applicable to that building or structure or the fair market value of the building or structure, whichever is less.

b. In the event of a partial loss to a building or structure, actual cash value is calculated as **b.(1)** or **b.(2)**, whichever is less:

(1) The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of loss;

(2) The Limit of Insurance applicable to the property.

c. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as **c.(1)** or **c.(2)**, whichever is less:

(1) The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss;

(2) The Limit of Insurance applicable to the property.

d. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation.

2. Paragraph E.4.e.(1)(b) under Loss Payment-Building and Personal Property is replaced by the following:

(b) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged property as described in Paragraph A.1. of this endorsement. If the actual cash value does not exhaust the applicable limit of insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

(i) Within 12 months after we pay the actual cash value; or

(ii) Within 24 months after we pay the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;

unless we extend the time period for good cause.

Nothing in this Paragraph **(b)** constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

3. Paragraph E.4.e.(7) under Loss Payment-Building and Personal Property is replaced by the following:

(7) Tenants' Improvements and Betterments at:

(a) Replacement cost in accordance with the terms set forth in Paragraph **(1)(b)** above.

(b) A proportion of your original cost if the property is not repaired or replaced. We will determine the proportionate value as follows:

- (i) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
- (ii) Divide the amount determined in (i) above by the

number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

- (c) Nothing if others pay for repairs or replacement.

GENERAL LIABILITY

GENERAL LIABILITY

TABLE OF CONTENTS

**COMMERCIAL GENERAL LIABILITY
COVERAGE FORM
CG 00 01 10 01**

SECTION I—COVERAGES

Beginning on Page

Coverage A -		
Bodily Injury and Property	Insuring Agreement	1
Damage Liability	Exclusions	2
Coverage B -		
Personal and Advertising	Insuring Agreement	5
Injury Liability	Exclusions	5
Coverage C -		
Medical Payments	Insuring Agreement	7
	Exclusions	7
Supplementary Payments		7
SECTION II—WHO IS AN INSURED		8
SECTION III—LIMITS OF INSURANCE		10
SECTION IV—COMMERCIAL GENERAL LIABILITY CONDITIONS		10
Bankruptcy		10
Duties in the Event of Occurrence, Claim or Suit		10
Legal Action Against Us		11
Other Insurance		11
Premium Audit		12
Representations		12
Separation of Insureds		12
Transfer of Rights of Recovery Against Others To Us		12
When We Do Not Renew		12
SECTION V—DEFINITIONS		12

COMMERCIAL GENERAL LIABILITY

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES**COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY****1. Insuring Agreement**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

COMMERCIAL GENERAL LIABILITY

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily Injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot from equipment used to heat that building;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such

COMMERCIAL GENERAL LIABILITY

premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";

(b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;

(c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:

(i) Any Insured; or

(ii) Any person or organization for whom you may be legally responsible; or

(d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:

(i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the

"bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such Insured, contractor or subcontractor;

(ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or

(iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".

(e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order, or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

COMMERCIAL GENERAL LIABILITY

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or
- (5) "Bodily injury" or "property damage" arising out of the operation of any of the equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or

- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

COMMERCIAL GENERAL LIABILITY

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

COMMERCIAL GENERAL LIABILITY

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trade-mark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

- (1) Request, demand or order that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding

COMMERCIAL GENERAL LIABILITY

to, or assessing the effects of, "pollutants".

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
- (2) On ways next to premises you own or rent; or
- (3) Because of your operations;

provided that:

- (1) The accident takes place in the "coverage territory" and during the policy period;
- (2) The expenses are incurred and reported to us within one year of the date of the accident; and
- (3) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while taking part in athletics.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

h. War

Due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution.

SUPPLEMENTARY PAYMENTS - COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.

- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.

- e. All costs taxed against the insured in the "suit".

- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment

COMMERCIAL GENERAL LIABILITY

interest based on that period of time after the offer.

- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and
- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:

- a. We have used up the applicable limit of insurance in the payment of judgments or settlements; or
- b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:

- a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
- b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
- c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

COMMERCIAL GENERAL LIABILITY

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;

- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;

- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or

- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by,

- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by

you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and

- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. With respect to "mobile equipment" registered in your name under any motor vehicle registration law, any person is an insured while driving such equipment along a public highway with your permission. Any other person or organization responsible for the conduct of such person is also an insured, but only with respect to liability arising out of the operation of the equipment, and only if no other insurance of any kind is available to that person or organization for this liability. However, no person or organization is an insured with respect to:

- a. "Bodily injury" to a co-"employee" of the person driving the equipment; or

- b. "Property damage" to property owned by, rented to, in the charge of or occupied by you or the employer of any person who is an insured under this provision.

4. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

- b. Coverage A does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and

- c. Coverage B does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

COMMERCIAL GENERAL LIABILITY

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage C;
 - b. Damages under Coverage A, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage B.
3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage A for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage A; and
 - b. Medical expenses under Coverage C because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to 5. above, the Medical Expense Limit is the most we will pay under Coverage C for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or Insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:

- (1) How, when and where the "occurrence" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

- b. If a claim is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the claim or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

- c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person

COMMERCIAL GENERAL LIABILITY

or organization which may be liable to the Insured because of injury or damage to which this insurance may also apply.

- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages A or B of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in c. below.

b. Excess Insurance

This insurance is excess over:

- (1) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(a) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(b) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(c) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(d) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion g. of Section I – Coverage A – Bodily Injury And Property Damage Liability.

- (2) Any other primary insurance available to you covering liability for damages arising out of the premises or operations for which you have been added as an additional insured by attachment of an endorsement.

When this insurance is excess, we will have no duty under Coverages A or B to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all that other insurance.

We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contrib-

COMMERCIAL GENERAL LIABILITY

ute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period, we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment. But "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in a. above;
 - (2) The activities of a person whose home is in the territory described in a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

COMMERCIAL GENERAL LIABILITY

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in a. above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;if such property can be restored to use by:
 - a. The repair, replacement, adjustment or removal of "your product" or "your work"; or
 - b. Your fulfilling the terms of the contract or agreement.
9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property

damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
 - (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
 - (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.
10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
 11. "Loading or unloading" means the handling of property:
 - a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
 - b. While it is in or on an aircraft, watercraft or "auto"; or
 - c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;but "loading or unloading" does not include the movement of property by means of a mechanical

COMMERCIAL GENERAL LIABILITY.

device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

- a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:
 - (1) Products that are still in your physical possession; or
 - (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended

COMMERCIAL GENERAL LIABILITY

use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

- b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured

must submit or does submit with our consent; or

- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

- a. Means:

- (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

(a) You;

(b) Others trading under your name; or

(c) A person or organization whose business or assets you have acquired; and

- (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

- b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

- c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

- a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

COMMERCIAL GENERAL LIABILITY

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, qual-

ity, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COVERAGE – POLLUTION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

Paragraph f.(2) Pollution, Part 2. Exclusions of
**SECTION I – COVERAGES, COVERAGE A BODILY
INJURY AND PROPERTY DAMAGE LIABILITY** is
deleted and replaced by the following:

(2) Any loss, cost or expense arising out of any:

(a) Request, demand, order or statutory or
regulatory requirement that any insured
or others test for, monitor, clean up, re-

move, contain, treat, detoxify or neutral-
ize, or in any way respond to, or assess
the effects of, "pollutants"; or

(b) Claim or "suit" by or on behalf of a gov-
ernmental authority because of testing
for, monitoring, cleaning up, removing,
containing, treating, detoxifying or neu-
tralizing, or in any way responding to, or
assessing the effects of "pollutants".

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDATORY ENDORSEMENT – PRODUCTS-
COMPLETED OPERATIONS HAZARD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

The definition of "products-completed operations hazard" **Section V – Definitions** is amended by deleting item **16.b. (3)** and replacing it with:

- (3)** Products or operations for which the classification, listed in the Declarations, in a policy schedule or in our manual of rules, states that the products-completed operations are subject to the General Aggregate Limit:

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF COVERAGE B –
PERSONAL AND ADVERTISING INJURY LIABILITY**

This endorsement modifies insurance provided under the following:
COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

A. AMENDMENT OF DEFINITION OF PERSONAL AND ADVERTISING INJURY

The following replaces the definition of "personal and advertising injury" in the **DEFINITIONS** Section:

"Personal and advertising injury" means "personal injury" or "advertising injury".

B. AMENDMENT OF CONTRACTUAL LIABILITY EXCLUSION – EXCEPTION FOR DAMAGES BECAUSE OF PERSONAL INJURY ASSUMED BY NAMED INSURED IN AN INSURED CONTRACT

1. The following is added to Exclusion e., Contractual Liability, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

This exclusion also does not apply to liability for damages because of "personal injury" assumed by you in a contract or agreement that is an "insured contract", provided that the "personal injury" is caused by an offense committed subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed by you in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an Insured will be deemed to be damages because of "personal injury", provided that:

- (1) Liability to such party for, or for the cost of, that party's defense has also been assumed by you in the same "insured contract"; and
- (2) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

2. The following replaces the third sentence of Paragraph 2. of SUPPLEMENTARY PAYMENTS – COVERAGES A AND B:

Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability or Paragraph 2.e. of Section I – Coverage B – Personal and Advertising Injury Liability, such payments will not be deemed to be damages because of "bodily injury", "property damage" or "personal injury", and will not reduce the limits of insurance.

3. The following replaces the first paragraph of Paragraph f. of the definition of "insured contract" in the DEFINITIONS Section:

- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury", "property damage" or "personal injury" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

C. AMENDMENT OF OTHER EXCLUSIONS

1. The following replaces Exclusion b., Material Published With Knowledge Of Falsity, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

b. Material Published With Knowledge Of Falsity

"Personal injury" or "advertising injury" arising out of oral or written publication, including publication by electronic means, of material, if done by or at the direction of the insured with knowledge of its falsity.

2. The following replaces Exclusion c., Material Published Prior To Policy Period, in Para-

COMMERCIAL GENERAL LIABILITY

graph 2. of **SECTION I – COVERAGES –
COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:**

**c. Material Published Or Used Prior To
Policy Period**

- (1) "Personal injury" or "advertising injury" arising out of oral or written publication, including publication by electronic means, of material whose first publication took place before the beginning of the policy period; or
- (2) "Advertising injury" arising out of infringement of copyright, "title" or "slogan" in your "advertisement" whose first infringement in your "advertisement" was committed before the beginning of the policy period.

3. The following replaces Exclusion f., Breach Of Contract, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

f. Breach Of Contract

"Advertising injury" arising out of a breach of contract;

4. The following replaces Exclusion g., Quality Or Performance Of Goods – Failure To Conform To Statements, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

5. The following replaces Exclusion h., Wrong Description Of Prices, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

h. Wrong Description Of Prices

"Advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

6. The following replaces Exclusion i., Infringement Of Copyright, Patent, Trademark, Or Trade Secret, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B

PERSONAL AND ADVERTISING INJURY LIABILITY:

i. Intellectual Property

"Personal injury" or "advertising injury" arising out of any actual or alleged infringement or violation of any of the following rights or laws, or any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation:

- (1) Copyright;
- (2) Patent;
- (3) Trade dress;
- (4) Trade name;
- (5) Trademark;
- (6) Trade secret; or
- (7) Other intellectual property rights or laws.

This exclusion does not apply to:

- (1) "Advertising injury" arising out of any actual or alleged infringement or violation of another's copyright, "title" or "slogan" in your "advertisement"; or
- (2) Any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such infringement or violation of another's copyright, "title" or "slogan" in your "advertisement".

7. The following replaces Exclusion j., Insureds In Media And Internet Type Businesses, in Paragraph 2. of SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

j. Insureds In Media And Internet Type Businesses

"Personal injury" or "advertising injury" arising out of an offense committed by an insured whose business is:

- (1) Advertising, "broadcasting" or publishing;
- (2) Designing or determining content of web-sites for others; or
- (3) An Internet search, access, content or service provider.

This exclusion does not apply to Paragraphs a.(1), (2) and (3) of the definition of "personal injury".

For the purposes of this exclusion:

COMMERCIAL GENERAL LIABILITY

- (1) Creating and producing correspondence written in the conduct of your business, bulletins, financial or annual reports, or newsletters about your goods, products or services will not be considered the business of publishing; and
 - (2) The placing of frames, borders or links, or advertising, for you or others anywhere on the Internet will not, by itself, be considered the business of advertising, "broadcasting" or publishing.
8. The following replaces Paragraph (2) of Exclusion n., **Pollution-Related**, in Paragraph 2. of **SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:
- (2) Claim or suit by or on behalf of a governmental authority because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

D. AMENDMENT OF WHO IS AN INSURED

The following replaces the introductory phrase of Paragraph 2.a.(1) of **SECTION II – WHO IS AN INSURED**:

- (1) "Bodily injury" or "personal injury":

E. AMENDMENT OF LIMITS OF INSURANCE

The following replaces Paragraph 4. of **SECTION III – LIMITS OF INSURANCE**:

Subject to 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage B for the sum of all damages because of all "personal injury" and "advertising injury" sustained by any one person or organization.

F. ADDITIONAL DEFINITIONS

The following is added to the **DEFINITIONS** Section:

"Advertising injury":

- a. Means injury, other than "personal injury", caused by one or more of the following offenses:

- (1) Oral or written publication, including publication by electronic means, of material in your "advertisement" that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a

person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged;

- (2) Oral or written publication, including publication by electronic means, of material in your "advertisement" that:

- (a) Appropriates a person's name, voice, photograph or likeness;
- (b) Unreasonably places a person in a false light; or
- (c) Discloses information about a person's private life; or

- (3) Infringement of copyright, "title" or "slogan" in your "advertisement", provided that the claim is made or the "suit" is brought by a person or organization that claims ownership of such copyright, "title" or "slogan".

- b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph a. above.

"Broadcasting" means transmitting any audio or visual material for any purpose:

- a. By radio or television; or
- b. In, by or with any other electronic means of communication, such as the Internet, if that material is part of:
 - (1) Radio or television programming being transmitted;
 - (2) Other entertainment, educational, instructional, music or news programming being transmitted; or
 - (3) Advertising transmitted with any of such programming.

"Personal injury":

- a. Means injury, other than "advertising injury", caused by one or more of the following offenses:

- (1) False arrest, detention or imprisonment;
- (2) Malicious prosecution;
- (3) The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, provided that the wrongful eviction, wrongful entry or invasion of the right of private occupancy is committed by or on behalf of the owner, landlord or lessor of that room, dwelling or premises;

COMMERCIAL GENERAL LIABILITY

(4) Oral or written publication, including publication by electronic means, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services, provided that the claim is made or the "suit" is brought by a person or organization that claims to have been slandered or libeled, or that claims to have had its goods, products or services disparaged; or

(5) Oral or written publication, including publication by electronic means, of material that:

- (a) Appropriates a person's name, voice, photograph or likeness;
- (b) Unreasonably places a person in a false light; or

(c) Discloses information about a person's private life.

- b. Includes "bodily injury" caused by one or more of the offenses described in Paragraph a. above.

"Slogan":

- a. Means a phrase that others use for the purpose of attracting attention in their advertising.
- b. Does not include a phrase used as, or in, the name of:
 - (1) Any person or organization, other than you; or
 - (2) Any business, or any of the premises, goods, products, services or work, of any person or organization, other than you.

"Title" means a name of a literary or artistic work.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

If aggregate insured losses attributable to terrorist acts certified under the federal Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursu-

ant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER INSURANCE – ADDITIONAL INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

COMMERCIAL GENERAL LIABILITY CONDITIONS (Section IV), Paragraph 4. (**Other Insurance**), is amended as follows:

1. The following is added to Paragraph a. Primary Insurance:

However, if you specifically agree in a written contract or written agreement that the insurance provided to an additional insured under this Coverage Part must apply on a primary basis, or a primary and non-contributory basis, this insurance is primary to other insurance that is available to such additional insured which covers such additional insured as a named insured, and we will not share with that other insurance, provided that:

a. The "bodily injury" or "property damage" for which coverage is sought occurs; and

b. The "personal injury" or "advertising injury" for which coverage is sought arises out of an offense committed

subsequent to the signing and execution of that contract or agreement by you.

2. The first Subparagraph (2) of Paragraph b. Excess Insurance regarding any other primary insurance available to you is deleted.

3. The following is added to Paragraph b. Excess Insurance, as an additional subparagraph under Subparagraph (1):

That is available to the insured when the insured is added as an additional insured under any other policy, including any umbrella or excess policy.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT – NON CUMULATION OF EACH
OCCURRENCE LIMIT OF LIABILITY and
NON CUMULATION OF PERSONAL and ADVERTISING
INJURY LIMIT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. Paragraph 5 of SECTION III – LIMITS OF INSURANCE, is amended to include the following:
Non cumulation of Each Occurrence Limit – If one "occurrence" causes "bodily injury" and/or "property damage" during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Each Occurrence Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "occurrence".
2. Paragraph 4 of SECTION III – LIMITS OF INSURANCE, is amended to include the following:
Non cumulation of Personal and Advertising Limit – If "personal injury" and/or "advertising injury" is sustained by any one person or organization during the policy period and during the policy period of one or more prior and/or future policies that include a commercial general liability coverage part for the insured issued by us or any affiliated insurance company, the amount we will pay is limited. This policy's Personal Injury and Advertising Injury Limit will be reduced by the amount of each payment made by us and any affiliated insurance company under the other policies because of such "personal injury" and/or "advertising injury".

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF COVERAGE – POLLUTION – COOLING,
DEHUMIDIFYING AND WATER HEATING EQUIPMENT
EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

The following replaces Paragraph (1)(a)(i) of Exclusion f., Pollution, in Paragraph 2. of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

- (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;

POLICY NUMBER: I-680-5D327378-ACJ-13

COMMERCIAL GENERAL LIABILITY
ISSUE DATE: 08-14-13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NONOWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Insurance is provided only with respect to those coverages for which a specific premium charge is shown:

COVERAGE	ADDITIONAL PREMIUM
Hired Auto Liability	\$ INCLUDED
Nonowned Auto Liability	\$ INCLUDED

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

PROVISIONS

A. COVERAGE

If a premium charge is shown in the SCHEDULE above, the insurance provided under **Section I – Coverage A – Bodily Injury And Property Damage Liability** applies to "bodily injury" and "property damage" arising out of the maintenance or use of a "hired auto" or "nonowned auto". Maintenance or use of a "nonowned auto" includes test driving in connection with an "auto business".

B. EXCLUSIONS

With respect to the insurance provided by this endorsement:

1. The exclusions, under **Section I – Coverage A – Bodily Injury And Property Damage Liability**, other than exclusions a., b., d., e., f. and i. and the Nuclear Energy Liability Exclusion (Broad Form) are deleted and replaced by the following:

a. "Bodily injury" to:

- (1) Any fellow "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business.

b. "Property damage" to:

- (1) Property owned or being transported by, or rented or loaned to the insured; or
- (2) Property in the care, custody or control of the insured.

C. WHO IS AN INSURED

Section II – Who Is An Insured is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

1. You;
2. Anyone else including any partner or "executive officer" of yours while using with your permission a "hired auto" or a "nonowned auto" except:
 - a. The owner or lessee (of whom you are a sublessee) of a "hired auto" or the owner or lessee of a "nonowned auto" or any agent or "employee" of any such owner or lessee;
 - b. Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household;
 - c. Your "employee" if the covered "auto" is leased, hired or rented by him or her or a member of his or her household under a lease or rental agreement for a period of 180 days or more;
 - d. Any partner or "executive officer" with respect to any "auto" owned by such partner or officer or a member of his or her household;
 - e. Any partner or "executive officer" with respect to any "auto" leased or rented to such partner or officer or a member of his or her household under a lease or rental agreement for a period of 180 days or more;

COMMERCIAL GENERAL LIABILITY

- f. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- g. Anyone other than your "employees", partners, a lessee or borrower or any of their "employees", while moving property to or from a "hired auto" or a "nonowned auto"; or
- 3. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under 1. or 2. above.

D. AMENDED DEFINITIONS

The Definition of "insured contract" of **Section V – Definitions** is amended by the addition of the following exceptions to paragraph f.:

Paragraph f. does not include that part of any contract or agreement:

- (4) That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
- (5) That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

E. ADDITIONAL DEFINITIONS

Section V – Definitions is amended by the addition of the following definitions:

- 1. "Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".
- 2. "Hired auto" means any "auto" you lease, hire, rent or borrow. This does not include:
 - a. Any "auto" you lease, hire or rent under a lease or rental agreement for a period of 180 days or more, or
 - b. Any "auto" you lease, hire, rent or borrow from any of your "employees", partners, stockholders, or members of their households.
- 3. "Nonowned auto" means any "autos" you do not own, lease, hire, rent or borrow that are being used in the course and scope of your business at the time of an "occurrence". This includes "autos" owned by your "employees" or partners or members of their households but only while being used in the course and scope of your business at the time of an "occurrence".

If you are a sole proprietor, "nonowned auto" means any "autos" you do not own, lease, hire, rent or borrow that are being used in the course and scope of your business or personal affairs at the time of an "occurrence".

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF COVERAGE – PROPERTY DAMAGE

This endorsement modifies Insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

PROVISIONS

The definition of "property damage" in **SECTION V – DEFINITIONS** is deleted in its entirety and replaced by the following:

"Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed

to occur at the time of the "occurrence" that caused it.

"Property damage" does not include loss of or damage to "electronic media and records".

As used in this definition, "electronic media and records" means:

- a. Electronic data processing, recording or storage media such as films, tapes, discs, drums or cells;
- b. Data stored on such media; or
- c. Programming records for electronic data processing or electronically controlled equipment.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

(1) A person arising out of any:

- (a) Refusal to employ that person;**
- (b) Termination of that person's employment; or**
- (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or**

(2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and**
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.**

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal injury" to:

(1) A person arising out of any:

- (a) Refusal to employ that person;**
- (b) Termination of that person's employment; or**
- (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or**

(2) The spouse, child, parent, brother or sister of that person as a consequence of "personal injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the insured may be liable as an employer or in any other capacity; and**
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.**

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – UNSOLICITED COMMUNICATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Unsolicited Communication

"Bodily injury" or "property damage" arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting or distributing of "unsolicited communication".

2. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES –**

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:

Unsolicited Communication

"Personal injury" or "advertising injury" arising out of any actual or alleged violation of any law that restricts or prohibits the sending, transmitting or distributing of "unsolicited communication".

3. The following is added to the **DEFINITIONS** Section:

"Unsolicited communication" means any communication, in any form, that the recipient of such communication did not specifically request to receive.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**MOBILE EQUIPMENT REDEFINED
EXCLUSION OF VEHICLES SUBJECT TO MOTOR
VEHICLE LAWS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

A. Exclusion g. of COVERAGE A. BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section I – Coverages) is deleted and replaced by the following:

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

B. SECTION V – DEFINITIONS

The definition of "auto" (paragraph 2.) is deleted and replaced by the following:

2. "Auto" means:

- a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
- b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

The definition of "mobile equipment" is deleted and replaced by the following:

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

COMMERCIAL GENERAL LIABILITY

- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached

equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

C. WHO IS AN INSURED

Paragraph 3. of SECTION II – Who Is An Insured is deleted.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF CONTRACTUAL LIABILITY EXCLUSION
- EXCEPTION FOR DAMAGES ASSUMED IN AN INSURED
CONTRACT APPLIES ONLY TO NAMED INSURED**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following replaces Paragraph (2) of Exclusion **b., Contractual Liability**, in Paragraph 2. of **SECTION I - COVERAGES - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

(2) Assumed by you in a contract or agreement that is an "insured contract", provided that the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed by you in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured will be deemed to be damages because of "bodily injury" or "property damage", provided that:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed by you in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

2. The following replaces the beginning of Paragraph 2., and Paragraphs 2.a., b., c., d. and e., of **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B of SECTION I - COVERAGES**:

2. If we defend you against a "suit" and your indemnitee is also named as a party to the "suit", we will have the right and duty to defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which you have assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by you;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee has also been assumed by you in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" or offense are such that we determine that no conflict exists between your interests and the interests of the indemnitee;
 - e. You and the indemnitee ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend you and the indemnitee; and
3. The following replaces the last sentence of Paragraph 2. of **SUPPLEMENTARY PAYMENTS - COVERAGES A AND B of SECTION I - COVERAGES**:
- Our obligation to defend your indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when:
- a. We have used up the applicable limit of insurance in the payment of judgments, settlements or medical expenses; or
 - b. The conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – VIOLATION OF CONSUMER FINANCIAL
PROTECTION LAWS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Violation Of Consumer Financial Protection Laws

"Bodily injury" or "property damage" arising out of any actual or alleged violation of a "consumer financial protection law", or any other "bodily injury" or "property damage" alleged in any claim or "suit" that also alleges any such violation.

2. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

Violation Of Consumer Financial Protection Laws

"Personal injury" or "advertising injury" arising out of any actual or alleged violation of a "consumer financial protection law", or any other "personal injury" or "advertising injury" alleged in any claim or "suit" that also alleges any such violation.

3. The following is added to the **DEFINITIONS** Section:

"Consumer financial identity information" means any of the following information for a person that is used or collected for the purpose of serving as a factor in establishing such person's eligibility for personal credit, insurance or employment, or for the purpose of conducting a business transaction:

- a. Part or all of the account number, the expiration date or the balance of any credit, debit, bank or other financial account.
- b. Information bearing on a person's credit worthiness, credit standing or credit capacity.
- c. Social security number.
- d. Drivers license number.
- e. Birth date.

"Consumer financial protection law" means:

- a. The Fair Credit Reporting Act (FCRA) and any of its amendments, including the Fair and Accurate Credit Transactions Act (FACTA);
- b. California's Song-Beverly Credit Card Act and any of its amendments; or
- c. Any other law or regulation that restricts or prohibits the collection, dissemination, transmission, distribution or use of "consumer financial identity information".

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION—DISCRIMINATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

- 1. COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY** – is amended by adding the following additional exclusion:

(This Insurance does not apply to:)

“Bodily injury” resulting from or as a consequence of discrimination, whether intentional or unintentional, based upon a person's sex, sexual preference, marital status, race, creed, religion, national origin, age, physical capabilities, characteristics or condition, or mental capabilities or condition.

- 2. COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY** – is amended by adding the following additional exclusion:

(This Insurance does not apply to:)

“Personal injury” resulting from or as a consequence of discrimination, whether intentional or unintentional, based upon a person's sex, sexual preference, marital status, race, creed, religion, national origin, age, physical capabilities, characteristics or condition, or mental capabilities or condition.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – WAR

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion I. under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions:

This insurance does not apply to:

I. War

"Bodily injury" or "property damage" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or**
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or**
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these**

regardless of any other cause or event that contributes concurrently or in any sequence to the injury or damage.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions:

This insurance does not apply to:

War

"Personal injury" or "advertising injury" arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war; or**
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or**
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these**

regardless of any other cause or event that contributes concurrently or in any sequence to the injury.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PROFESSIONAL SERVICES EXCLUSION –
SERVICES FURNISHED BY HEALTH CARE PROVIDERS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

PROVISIONS

1. Paragraph 2.a.(1)(d) of **SECTION II – WHO IS AN INSURED** is deleted.

2. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

Professional Health Care Services

"Bodily injury" or "property damage" arising out of providing or failing to provide "professional health care services".

3. The following exclusion is added to Paragraph 2., **Exclusions**, of **SECTION I – COVERAGES – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

Professional Health Care Services

"Personal injury" or "advertising injury" arising out of providing or failing to provide "professional health care services".

4. The following is added to the **DEFINITIONS** Section:

"Professional health care services" includes:

- a. Any medical, surgical, dental, laboratory, x-ray or nursing services, treatment, advice or

instruction, or the related furnishing of food or beverages;

- b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances;
- c. The handling or treatment of corpses, including autopsies, organ donations and other postmortem procedures;
- d. Any health or therapeutic service, treatment, advice or instruction;
- e. Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- f. Any psychiatric, psychological or emotional counseling service, treatment, advice or instruction; and
- g. The service by any person as a member of a formal accreditation, standards review, peer review or equivalent professional board or committee or member of any professional organization or committee.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION — ASBESTOS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
CATASTROPHE UMBRELLA POLICY

This insurance does not apply to "bodily injury," "property damage," "personal injury" or "advertising injury" arising out of the actual or alleged presence or actual, alleged or threatened dispersal of asbestos, asbestos fibers or products containing asbestos, provided that the injury or damage is caused or contributed to by the hazardous properties of asbestos. This includes:

- a. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with the above; and
- b. Any obligation to share damages with or repay someone else who must pay damages because of such injury or damage.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITATION WHEN TWO OR MORE POLICIES APPLY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYEE BENEFITS LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

Provisions

1. Injury, damage or loss might be covered by this policy and also by other policies issued to you by us or any Travelers affiliate. When these other policies contain a provision similar to this one, the amount we will pay is limited. The maximum that we will pay under all such policies combined is the highest limit that applies in any one of these policies.
2. This does not apply to any personal liability policy or to any Umbrella, Excess or Protective Liability Policy.

COMMERCIAL GENERAL LIABILITY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

The term "spouse" is replaced by the following:

Spouse or registered domestic partner under California law.

**INTERLINE
ENDORSEMENTS**

**INTERLINE
ENDORSEMENTS**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
FARM COVERAGE PART

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense, rental value or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
DELUXE PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Cap On Certified Terrorism Losses

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

B. Application Of Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

- (1)** With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
- (2)** Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from

"hazardous properties" of "nuclear material", if:

- (1)** The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
- (2)** The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
- (3)** The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";
- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time

the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

B. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

D. Except as provided in E., the **Appraisal** Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may

make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

E. The **Appraisal** Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A

decision agreed to by any two will be binding.
Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and
umpire equally.

If there is an appraisal, we will still retain our right
to deny the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:**

2. All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:**

- (1) Nonpayment of premium; or**
- (2) Discovery of fraud by:**
 - (a) Any insured or his or her representative in obtaining this insurance; or**
 - (b) You or your representative in pursuing a claim under this policy.**

- b. 30 days before the effective date of cancellation if we cancel for any other reason.**

3. All Policies In Effect For More Than 60 Days

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the oc-**

currence, after the effective date of the policy, of one or more of the following:

- (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.**
- (2) Discovery of fraud or material misrepresentation by:**
 - (a) Any insured or his or her representative in obtaining this insurance; or**
 - (b) You or your representative in pursuing a claim under this policy.**
- (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.**
- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.**
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure**

materially increases any of the risks insured against.

- (6) A determination by the Commissioner of Insurance that the:

(a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or

(b) Continuation of the policy coverage would:

(i) Place us in violation of California law or the laws of the state where we are domiciled; or

(ii) Threaten our solvency.

- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.

b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.

B. The following provision is added to the **Cancellation Common Policy Condition**:

7. Residential Property

This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.

b. We may not cancel this policy solely because the first Named Insured has:

(1) Accepted an offer of earthquake coverage; or

(2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.

c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Commercial Property Coverage Part – Causes Of Loss – Special Form, or

(2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

2. Residential Property

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below.
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;
- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or
- (3) We have:
 - (a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or
 - (b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive

to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority, that included an earthquake policy premium surcharge.

- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

- (1) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
- (2) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

POLICYHOLDER NOTICES

POLICYHOLDER NOTICES

**IMPORTANT NOTICE – INDEPENDENT AGENT AND BROKER
COMPENSATION**

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR BROKER IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF YOUR POLICY PREVAIL.

For information about how Travelers compensates independent agents and brokers, please visit www.travelers.com, call our toll-free telephone number 1-866-904-8348, or request a written copy from Marketing at One Tower Square, 2GSA, Hartford, CT 06183.



To Our Valued Customer,

Each year, homeowners and business owners across the nation sustain significant weather-related property damage due to floods. These can include losses caused by waves, tidal waters, the overflow of a body of water, the rapid accumulation or runoff of surface water, and mudslide. In nearly all cases, these flood losses cannot be prevented or even anticipated. And, in many instances, the losses are devastating.

Most standard property insurance policies, including most of our policies, do not provide coverage for flood losses. While flood coverage is often available – primarily through the National Flood Insurance Program – it is rarely purchased. Unfortunately, each year we find that some policyholders are surprised and disappointed to learn that damages they have suffered as a direct result of flood are not covered under the policies they have purchased.

Please review your insurance coverage with your agent or Company representative. As you consider the need for flood insurance, keep in mind that floods can, and do, occur in locations all over the country. They are not limited to coastal areas or locations with nearby rivers or streams. Several inches of rain falling over a short period of time can cause flood damage, even in normally dry areas that are not prone to flooding.

Your agent or Company representative can help you assess your risk. They can provide you with information on flood insurance available through us, including our "Write Your – Own-Flood" program, which enables agents to write flood insurance through the National Flood Insurance Program. Your agent or Company representative can help you assess your risk.

IMPORTANT NOTICE – JURISDICTIONAL INSPECTIONS

NO COVERAGE IS PROVIDED BY THIS NOTICE. THIS NOTICE DOES NOT AMEND ANY PROVISION OF YOUR POLICY. YOU SHOULD REVIEW YOUR ENTIRE POLICY CAREFULLY FOR COMPLETE INFORMATION ON THE COVERAGES PROVIDED AND TO DETERMINE YOUR RIGHTS AND DUTIES UNDER YOUR POLICY. PLEASE CONTACT YOUR AGENT OR LOCAL COMPANY REPRESENTATIVE IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE OR ITS CONTENTS. IF THERE IS ANY CONFLICT BETWEEN YOUR POLICY AND THIS NOTICE, THE PROVISIONS OF THE POLICY PREVAIL.

Dear Policyholder;

Many states and some cities issue certificates permitting the continued operation of certain equipment such as boilers, water heaters, pressure vessels, etc. Periodic inspections are normally required to renew these certificates. In most jurisdictions, insurance company employees who have been licensed are authorized to perform these inspections.

If:

- You own or operate equipment that requires a certificate from a state or city to operate legally, and
- We insure that equipment under this Policy, and
- You would like us to perform the next required inspection;

Then;

Call this toll-free number – **1-800-425-4119**

When you call this number, our representative will ask you for the following information:

- Name of your business (as shown on this Policy)
- Policy Number
- Location where the equipment is located. Including Zip Code.
- Person to contact and phone number for scheduling of inspection
- Type of equipment requiring inspection
- Certificate inspection date and certificate number

Or;

Fill in the form on the reverse side of this notice and fax it to the toll-free number indicated on that form.

Please note the following:

- Your jurisdiction may charge you a fee for renewing a certificate. It is your responsibility to pay such a fee.
- All the provisions of the INSPECTIONS AND SURVEYS Condition apply to the inspections described in this notice.

REMINDER

If new equipment is installed or old equipment replaced that requires a jurisdictional inspection please let us know by calling our toll-free number listed above.

REQUEST FOR JURISDICTIONAL INSPECTION

Name of
Business:

(As Shown on Policy)

Policy
Number:

Location of Equipment:

City

State

ZipCode

Person to Contact for Scheduling Inspection:

Telephone Number of Person to Contact:

Equipment Type	Certificate Number	Certificate Expiration Date

Fax Form to 1-877-764-9535

Completed by:

Phone Number:

EXHIBIT B

TRAVELERS

Travelers Casualty Insurance Company Of America
1 Tower Sq Ms06a
Hartford, CT 06183

03/07/2016

Health Pro Dental Corp., Yury Bershadsky
C/O Lindemann Law Firm, Blake Lindemann
433 N. Camden Dr., 4th Floor
Beverly Hills CA 90210

Insured: Health Pro Dental Corp
Claim Number: E3V1091
Policy Number: 680 -5D327378
Date of Loss: 08/10/2015
Loss Location: 13155 Mindanao Way Marina Del Re CA

Dear Mr. Bershadsky,

I am writing to provide you with the status of this claim.

Coverage exists for the water damage to your business personal property, including structural improvements / betterments owned by you, caused by the 8/10/15 plumbing leak.

Our claim investigation is ongoing to determine whether or not coverage is provided by your policy for any items / costs related to mold that may be claimed. Travelers Casualty Insurance Company of America continues to investigate coverage for that portion of the claim under a full reservation of rights. We will notify you of our coverage determination as soon as the coverage investigation is completed. In the meantime, I will keep you updated on the status of your claim.

Please refer to pages 22-24 of your Business Owners Property Coverage, Special Form MP T1 02 02 05 policy, where it states in part:

B. EXCLUSIONS

...

2. We will not pay for loss or damage caused by or resulting from any of the following:

...

d. (2) Rust, corrosion, fungus, decay, deterioration, wet or dry rot, mold, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

...

Your policy may have other terms, conditions and exclusions that apply to this claim. We do not waive any rights, including our right to deny coverage, for any other valid reason under the policy or law.

I am currently working on a structural repair estimate. I am also currently reviewing estimates from Emergency Services, Immediate Response and Kings Two Dental . I will advise when my estimate and review are complete and contact you with any questions or concerns and / or explain warranted claim payments.

FREEFORM

EPDC 000122

\$1,365.00 was issued directly to Air-Tech Environmental, Inc. as an adjusting expense / not subject to your policy limits, for initial asbestos and lead testing

My understanding is that you may be presenting a loss of business income claim. Please be advised that business income coverage is applicable during the period of restoration, which begins with the date of direct physical loss or damage and ends on the earlier of the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality or the date when business is resumed at a new permanent location. No details / supporting information regarding a potential loss of business claim have been received, to date.

As previously requested, please provide a report / estimate from the plumber that inspected the cause / source of the loss.

The business personal property and business income / extra expense coverage policy applicable to the loss is the Businessowners Property Coverage Special Form policy, MP T1 02 02 05, underwritten by Travelers Casualty Insurance Company of America. The effective dates are August 15, 2014 - August 15, 2015, which include the date of loss, August 10, 2015. The policy provides \$838,523.00 business personal property coverage for the loss site. The deductible applicable to this coverage is \$1,000.00. Business income coverage is provided during the period of restoration, which ends on the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality. The policy limit applicable to business income coverage is 12 consecutive months from the date of loss.

Please be advised that this is not meant to be an all inclusive discussion of the policy. Conceivably, other coverage's, exclusions, limits and sublimit could apply. Please take the time to read your policy and contact me with any questions or concerns.

The State of California requires us to provide the following information:

Suit Limitation: Please review the Legal Action Against Us condition, which can be found in the Businessowners Property Coverage Special Form, MP T1 02 (02 05), page 33. This condition states in part that the time limit for bringing action is 2 years after the date of loss. However it should be noted that the time between the date this claim was reported to us and the date of this letter is not included in the suit limitation period.

Your Legal Rights: Please understand that we cannot give advice regarding your legal rights. If you have questions regarding the time within which a lawsuit may be brought against us, or any other questions about legal rights regarding the policy or this claim, you may wish to seek legal counsel at your own expense.

We are also required to advise you that you may have your claim reviewed by the California Department of Insurance, Consumer Services Division, 300 South Spring Street, South Tower, Los Angeles, CA 90013, (800-927-4357).

If you have any questions, please contact me at (916) 710-6717 or MWBAKER@travelers.com.

Sincerely,

Michael Baker
Claim Professional
Direct: (916)710-6717
Office: (800)238-6225 Ext. 710-6717
Fax: (866)381-6247
Email: MWBAKER@travelers.com

CC: Health Pro Dental Corp

FREEFORM

UPDC 000125

EXHIBIT C

TRAVELERS

Travelers Casualty Insurance Company Of America
1 Tower Sq Ms06a
Hartford, CT 06183

05/14/2016

Health Pro Dental Corp., Yury Bershadsky
C/O Lindemann Law Firm, Blake Lindemann
433 N. Camden Dr., 4th Floor
Beverly Hills CA 90210

Insured: Health Pro Dental Corp
Claim Number: E3V1091
Policy Number: 680 -5D327378
Date of Loss: 08/10/2015
Loss Location: 13155 Mindanao Way Marina Del Re CA

Dear Mr. Bershadsky,

I am writing to provide you with the status of this claim.

Coverage exists for mold remediation related to the 8/10/15 plumbing leak.

I inspected the loss site on 5/6/16 with Mickey Vo from VM Construction Specialties, Inc., who had presented a \$155,050.00 rebuild estimate. He explained that his estimate includes repairs intended to remediate mold, but that are not based on a hygienist's report / protocol. A report of that type was prepared by Express Air Testing Inc. after their 8/20/15 inspection / testing. Since then, visible mold has been removed by VM. The removal was not in accordance with Express Air Testing Inc.'s remediation protocol. Additional testing should be conducted in order to obtain an updated report in order to establish an accurate, current scope of repairs and mold remediation, if applicable. Please contact me to discuss this proposed additional testing.

I have issued the following payments-

\$8,921.64	-Water mitigation estimate, Emergency Services
\$39,872.48	-Repair estimate
(\$1,267.49)	-Less, depreciation
(\$1,000.00)	-Less, deductible

\$46,526.63 -Payment

\$4,472.26 -Invoice from Immediate Response, demolition, mold containment

Please review the estimates provided. Should you or your contractors have questions about any portion of the estimate, please contact me before beginning any repairs.

The repair estimate includes depreciation. Depreciation is the loss of value that occurs over time due to factors such as age, wear and tear, and obsolescence. Under most insurance policies, claim settlement begins with an up-front payment for the actual cash value of your damage, or the value of the damaged or destroyed item(s) at the time of the loss. For additional explanation and examples of how depreciation works, please visit the claim section at www.travelers.com and search for "Understanding Depreciation."

Your initial payment is based on the actual cash value of your items. In order to make claim for the replacement cost incurred in repairing and/or replacing the property, we must be notified of the intent to repair and/or replace the damaged property within 180 days after the date of loss or damage. We also require the contract of construction, copies of checks paid or other disbursement records, and invoices from the contractor to verify the actual incurred replacement cost. Please notify us and mail, email or fax those documents to us when they are available. Also, it may be necessary for us to inspect and observe your completed repairs and/or replacement prior to considering release of additional payment for recoverable depreciation.

Please refer to the following sections of your California Changes - Replacement Cost endorsement, MP T5 08 01 06, which states in part:

2. Paragraph E.4.e.(1)(b) under Loss Payment- Building and Personal Property is replaced by the following:

(b) We will not pay on a replacement cost basis for any loss or damage until the lost or damaged property is actually repaired or replaced. Prior to such repair or replacement, we will pay the actual cash value of the lost or damaged property as described in Paragraph A.1. of this endorsement. If the actual cash value does not exhaust the applicable limit of insurance, we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

(i) Within 12 months after we pay the actual cash value; or

(ii) Within 24 months after we pay the actual cash value if the loss or damage relates to a state of emergency as described in Section 8558 of the Government Code;

unless we extend the time period for good cause.

Nothing in this Paragraph (b) constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

The claimed damage does not relate to a state of emergency in this case.

Please be advised that the repairs must be completed by 3/19/17 in order for the replacement cost to be claimed, which is 12 months from when we paid the actual cash value of the loss.

Per prior discussions with and emails to Blake Lindemann, I am requesting / please provide the following-

-A report, estimate and / or invoice from the plumber that inspected the cause of the loss-

I received the \$222,395.37 estimate from Kings Two Dental. I will retain the following vendor for assistance with evaluating the scope and cost of work in the Kings Two Dental estimate--

Werlinger & Associates, Inc.

EQUIPMENT LOSS CONSULTANTS

T 800.227.5610 T 714.692.7070 F 714.692.7080 M 714.514.4480
23671 Via Del Rio - Yorba Linda, CA 92887

Please advise who Werlinger & Associates, Inc. should contact to schedule an inspection of the loss site. They will also likely be contacting Kings Two Dental to discuss the estimate.

Additionally, please provide a list of any other contents that will be claimed. The list should include the items with make, model, similar identification type information, each items replacement cost and age and the specific type of damage / why it is being claimed.

FREEFORM

UDDC 000127

My understanding is that you are presenting a loss of business income claim. Please be advised that business income coverage is applicable during the period of restoration, which begins on the date of direct physical loss or damage and ends on the earlier of the date when the property should be repaired, rebuilt or replaced with reasonable speed and similar quality or the date when business is resumed at a new permanent location. The policy limit applicable to business income coverage is 12 consecutive months from the date of loss. No details / supporting information regarding a potential loss of business claim have been received, to date.

I will be sending you a preliminary list of information needed for our business income review. As we progress with our review, there may be additional information requested in order for us to complete our calculation. Todd Jensen from our Claims Accounting Services department will be assisting me with this portion of the claim, please work with him directly and contact me with any questions or concerns regarding this portion of the claim.

I remind you that your policy provides \$838,523.00 business personal property coverage for the loss site.

Please be advised that this is not meant to be an all inclusive discussion of the policy. Conceivably, other coverage's, exclusions, limits and sublimit could apply. Please take the time to read your policy and contact me with any questions or concerns.

The State of California requires us to provide the following information:

Suit Limitation: Please review the Legal Action Against Us condition, which can be found in the Businessowners Property Coverage Special Form, MP T1 02 (02 05), page 33. This condition states in part that the time limit for bringing action is 2 years after the date of loss. However it should be noted that the time between the date this claim was reported to us and the date of this letter is not included in the suit limitation period.

Your Legal Rights: Please understand that we cannot give advice regarding your legal rights. If you have questions regarding the time within which a lawsuit may be brought against us, or any other questions about legal rights regarding the policy or this claim, you may wish to seek legal counsel at your own expense.

We are also required to advise you that you may have your claim reviewed by the California Department of Insurance, Consumer Services Division, 300 South Spring Street, South Tower, Los Angeles, CA 90013, (800-927-4357).

If you have any questions, please contact me at (916) 710-6717 or MWBAKER@travelers.com.

Sincerely,

Michael Baker
Claim Professional
Direct: (916) 710-6717
Office: (800) 238-6225 Ext. 710-6717
Fax: (866) 381-6247
Email: MWBAKER@travelers.com

CC: Health Pro Dental Corp.